

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT ☐  
(highlight changes)

<b>APPLICATION FOR PERMIT TO DRILL</b>				5 MINERAL LEASE NO UTU-41374	6 SURFACE Federal
1A TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>				7 IF INDIAN, ALLOTTEE OR TRIBE NAME N/A	
B TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>				8 UNIT or CA AGREEMENT NAME UTU-41374	
2 NAME OF OPERATOR Lone Mountain Production Company				9 WELL NAME and NUMBER Federal No. 12-11	
3 ADDRESS OF OPERATOR: P. O. Box 80965, Billings, STATE MT ZIP 59108				10 FIELD AND POOL, OR WILDCAT <del>Salt Lake</del> <i>Longson (Longson)</i>	
4 LOCATION OF WELL (FOOTAGES) AT SURFACE 846' FSL 2506' FEL Sec. 12, T17S, R24E AT PROPOSED PRODUCING ZONE: 1509' FSL, 2199' FWL, Sec 12-T17S-R24E AT PROPOSED TD 1592' FSL, 2125' FWL, Sec 12-T17S-R24E				11 QTR/CTR, SECTION, TOWNSHIP, RANGE, MERIDIAN NESW 12 17S 24E	
14 DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE 40 Miles NW of Mack, CO				12 COUNTY Grand	13 STATE UTAH
15 DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 1040' from North Line		16 NUMBER OF ACRES IN LEASE 240		17 NUMBER OF ACRES ASSIGNED TO THIS WELL 160	
18 DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 2700' W of 12-9 well		19 PROPOSED DEPTH 4,893		20 BOND DESCRIPTION UTU0719	
21 ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.) 5810' GL		22 APPROXIMATE DATE WORK WILL START 9/15/2006		23 ESTIMATED DURATION 15 days	

**PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
12 1/4"	9 5/8" H40 32.3 lb	300	200 sacks 'G' + 2% CaCl + 1/4 #/sk celloflake 1.17 cuft/sk, 15.8 #/gal
8 3/4"	4 1/2" K-55 11.6 lb	4,893	250 sacks 10-0 Thixotropic cement + 2% KCL + 0.25% CelloFlake 1.4 cuft/sk, 14.5 #/gal
			Actual cement volume to be based on caliper log

25 ATTACHMENTS Fed. APD, directional plan, 8 pt drilling plan and 13 pt surface use plan

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES

- ☐ WELL PLAN OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER  
☐ EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER

- ☐ COMPLETE DRILLING PLAN  
☐ FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

NAME (PLEASE PRINT) Joe Dyk

TITLE Petroleum Engineer

SIGNATURE

*Joe Dyk by Nathan Reed*

DATE 8/16/2006

(This space for State use only)

API NUMBER ASSIGNED

43019-31498

APPROVAL:

Approved by the  
Utah Division of  
Oil, Gas and Mining

(11/2001)

(See instructions on Reverse Side)

Date: 09-05-06  
By: *[Signature]*

Federal Approval of this  
Action is Necessary

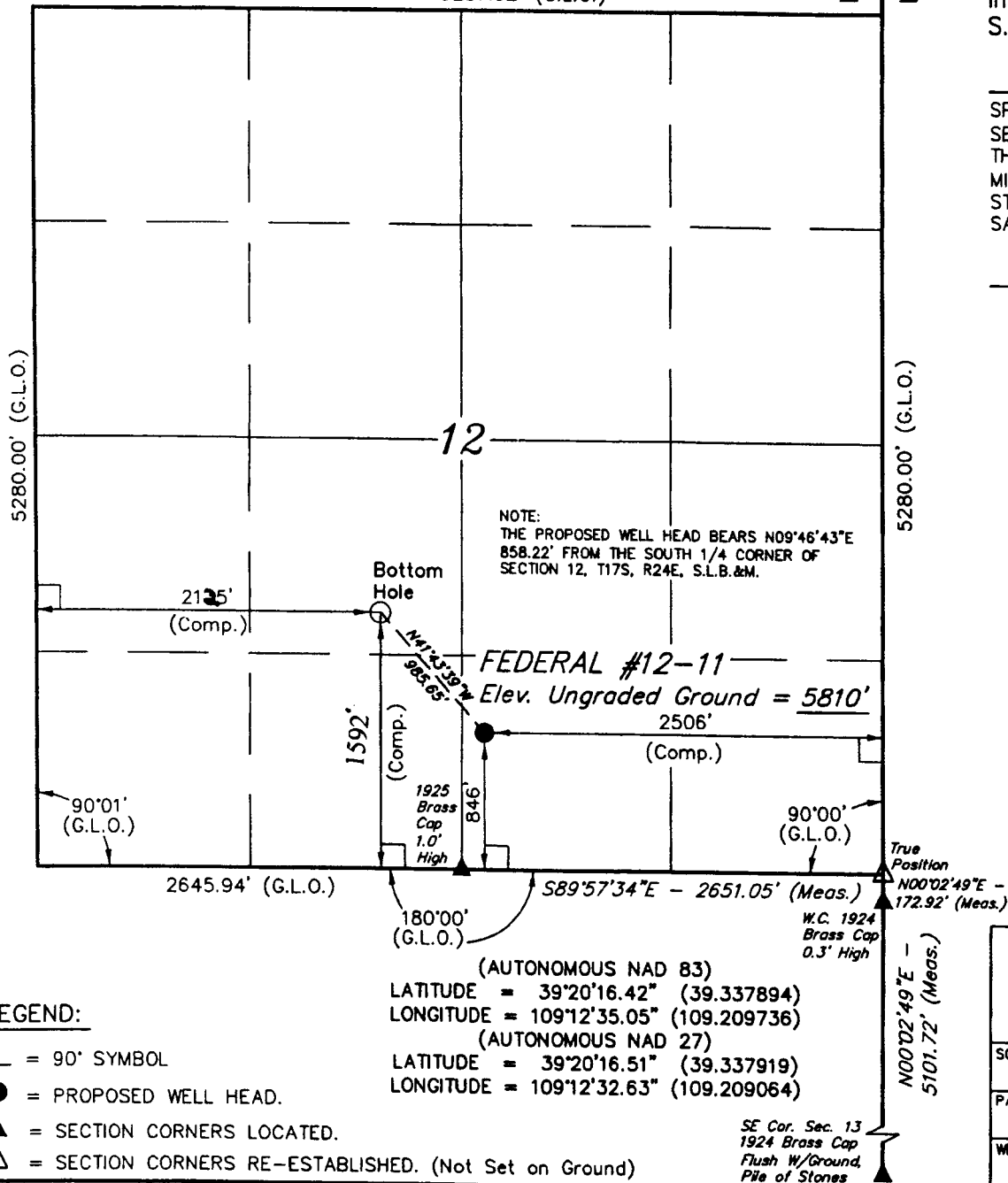
*MLC*  
654145X  
4355818Y  
39.339941  
-109.211373

T17S, R24E, S.L.B.&M.

S89°59'W - 5287.92' (G.L.O.)

R  
24  
E

R  
25  
E



## LONE MOUNTAIN PRODUCTION

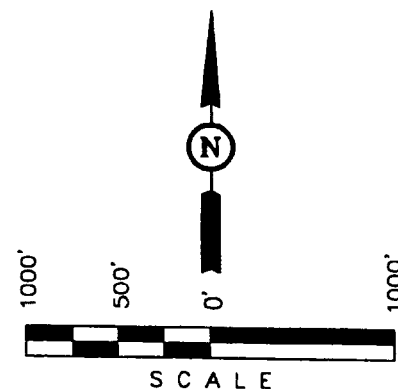
Well location, FEDERAL #12-11, located as shown in the SW 1/4 SE 1/4 of Section 12, T17S, R24E, S.L.B.&M. Grand County, Utah.

### BASIS OF ELEVATION

SPOT ELEVATION AT AN EXISTING DRILL HOLE LOCATED IN THE SE 1/4 OF SECTION 12, T17S, R24E, S.L.B.&M. TAKEN FROM THE BRYSON CANYON QUADRANGLE, UTAH, GRAND COUNTY 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 5810 FEET.

### BASIS OF BEARINGS

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.



### CERTIFICATE

THIS IS TO CERTIFY THAT THE SURVEY WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEY MADE BY ME UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

**ROBERT L. RAY**  
REGISTERED LAND SURVEYOR  
REGISTRATION NO. 1617  
STATE OF UTAH

REVISED: 04-28-06

**UINTAH ENGINEERING & LAND SURVEYING**  
85 SOUTH 200 EAST - VERNAL, UTAH 84078  
(435) 789-1017

SCALE 1" = 1000'	DATE SURVEYED: 02-10-06	DATE DRAWN: 02-28-06
PARTY J.W. J.K. P.M.	REFERENCES G.L.O. PLAT	
WEATHER COLD	FILE LONE MOUNTAIN PRODUCTION	

### LEGEND:

- └─ = 90° SYMBOL
- = PROPOSED WELL HEAD.
- ▲ = SECTION CORNERS LOCATED.
- △ = SECTION CORNERS RE-ESTABLISHED. (Not Set on Ground)

(AUTONOMOUS NAD 83)  
LATITUDE = 39°20'16.42" (39.337894)  
LONGITUDE = 109°12'35.05" (109.209736)  
(AUTONOMOUS NAD 27)  
LATITUDE = 39°20'16.51" (39.337919)  
LONGITUDE = 109°12'32.63" (109.209064)

SE Cor. Sec. 13  
1924 Brass Cap  
Flush W/Ground,  
Pile of Stones

# EIGHT POINT DRILLING PLAN

Attached To Form 3160-3: Application for Permit to Drill

Lone Mountain Production Company

Federal #12-11

846' FSL & 2506' FEL Sec. 12-T17S-R24E 6<sup>th</sup> PM

Bottom Hole Location: 1592' FSL, 2422' FWL, Sec. 12-T17S-R24E 6<sup>th</sup> PM

Grand County, Utah

## 1. ESTIMATED TOPS: IMPORTANT GEOLOGIC MARKERS:

Mesa Verde	Surface
Castlegate:	804'
Mancos Shale:	2895'
Dakota silt:	4251'
Dakota sand	4341'
Morrison	4511'
TVD	4772'

## 2. ESTIMATED DEPTHS OF ANTICIPATED WATER, OIL, GAS OR MINERALS:

Water:	No water is anticipated during the drilling of this well.
Oil:	No oil is anticipated during the drilling of this well.
Gas:	Gas is anticipated in the Dakota and Morrison.

## 3. MINIMUM SPECS FOR PRESSURE CONTROL:

- a. A diagram of the Blowout Preventer Stack and Choke Manifold is presented in Exhibit #1.
- b. The BOP Equipment will be a 2M (2,000 psi min. Working Pressure) system consisting of:
  - i. The Blow-Out Preventer Stack Description and Specifications:
    - An 9 5/8" X 11" Threaded 2,000 psi WP casing head will be installed as the starting head.
    - A 9" 3,000 psi X 11" 3,000 psi WP drilling spool will be installed on the starting head.
    - A 9" X 3,000 psi WP (min) double gate hydraulic type ram preventer with Pipe rams over Blind rams will be installed above the drilling spool.
    - A 9" rotating head will be installed above an optional annular preventer while air drilling
  - ii. The Choke and Kill Manifolds:
    - A 2" X 2,000 psi (min) choke manifold and kill line will be tied into opposite sides of the 9" X 3,000 psi WP (min) drilling spool.
    - A 2" X 2,000 psi (min) WP FO gate valve will be up-stream of the choke manifold assembly. This valve will be in the open position during normal drilling operations.
    - The choke manifold will consist of 2" X 2,000 psi (min) WP pipe and 2 – 2" X 2,000 psi (min) WP FO adjustable chokes with 2" X 2,000 psi (min) WP

**LONE MOUNTAIN PRODUCTION COMPANY**

Mailing Address:  
P.O. Box 80965  
Billings, MT 59108-0965

(406) 245-5077  
FAX 248-6321

Shipping Address:  
2590 Holman Avenue, Suite 100  
Billings, MT 59102

September 1, 2006

John R. Baza  
Utah Division of Oil, Gas, & Mining  
1594 West North Temple, Suite 1210  
P.O. Box 145801  
Salt Lake City, Utah 84114-5801

Re: Directional Drilling R649-3-11  
Federal No. 12-11  
Section 12-T17S-R24E  
Grand County, Utah

Surface Location: 846' FSL, 2506' FEL  
Location at Dakota Sand 1509' FSL, 2199' FWL  
Bottom Hole Location: 1592' FSL, 2125' FWL

Dear Mr. Baza:

Pursuant to the filing of Lone Mountain Production Company's Application to Drill for the above referenced well, we are hereby submitting this letter in accordance with Rule R649-3-11 pertaining to Exception to Location and Siting of Wells.

The surface and bottom hole locations for Federal No. 12-11 well are located within the spacing unit, which is the S ½ of Section 12. This spacing unit is communitized area No. UTU 41374.

Lone Mountain Production Company is the operator for the existing well in the spacing unit, Federal No. 12-9. All the same working interest owners in the Federal No. 12-9 well are participating in the drilling of the Federal No. 12-11 well. As such, Lone Mountain and its partners are the sole owners within a 460' radius of all points of the wellbore.

This well application was submitted for a directional well because topography prohibits siting the surface location anywhere in the spacing unit other than where it is being submitted for, and still meet footage requirements. Furthermore, the surface location is on an abandoned well pad, so minimal surface disturbance will be needed for the road and location.

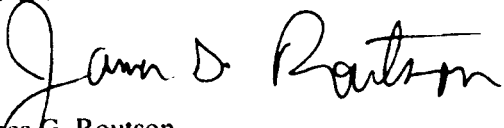
The bottom hole location will be approximately 1048' from the spacing unit's north boundary, and approximately 2714' from the Federal No. 12-9 well, which is the closest well to our proposed Federal No. 12-11 well.

Based on the information furnished above, we hereby request approval of the Federal No. 12-11

Application for Permit to Drill in accordance with Rule R649-3-11.

Sincerely,

LONE MOUNTAIN PRODUCTION COMPANY



James G. Routson  
President

cc: Joe Dyk

FO valves upstream. These valves will be closed during normal air and mud drilling operations. A single 2" X 2,000 psi (min) WP FO gate valve will be between the flow tee and the 2" (min) bleed line. This valve will be open during normal air and mud drilling operations. In-board of the gate valves in the manifold assembly there will be a 2" X 2,000 (min) psi WP flow tee with bull plug, needle valve, and gauge for well control operations.

- The bleed line will be appropriately staked and chained down to the flare pit.
- The kill line will be 2" X 2,000 psi (min) WP line pipe.
- A 2" X 2,000 psi (min) WP FO gate valve will be up-stream of the choke manifold.

iii. Surface Drill String Valves:

- A 2,000 psi WP (min) FO safety valve with subs to fit all drill strings in use will be kept on the drill floor after surface casing is set.
- A 2,000 psi (min) WP Upper Kelly valve with handle will be used throughout drilling operations.

iv. The Accumulator System:

- An accumulator with sufficient capacity to operate the BOPE against a 2,000 psi well pressure (min) will be used to operate the BOP system. It shall contain enough fluid capacity to close all BOP equipment and retain accumulator pressure at 200 psig over the pre-charge pressure. A nitrogen bottle system may be used to provide independent (reserve) power to operate the system in the event rig motors must be shut down.

c. Testing Procedures and Test Frequency:

- All of the pressure side BOP Equipment specified in Part b. above will be nipped-up on the surface casing. A test plug will then be set in the starting head profile.
- All pressure side components will be hydraulically tested for fifteen (15) minutes (min) to 2,000 psi and five (5) minutes (min) to 300 psi prior to drilling out cement. Surface casing will be pressure tested to 1,000 psi before drilling out the surface casing shoe. These components will be re-tested each 30 days after drill-out at an appropriate time with a test plug set in the starting head profile.
- Pipe rams will be operationally checked each 24-hour period, and the blind rams operationally checked each time pipe is pulled from the hole.
- All pressure tests and function tests will be noted on the daily drilling report.

d. Air Drilling Equipment For Air Operations:

- No air drilling on this well.

e. Tripping Procedures for Well Control:

- The well will be mudded-up only if hole conditions dictate a cessation of air drilling operations. **At mud-up the fire stops and string float will be removed from the drill string.** If mud-up is required the following fill procedures on trips will be implemented.
- The anticipated maximum bottom-hole formation pressure is 1100 psig in the Dakota/Morrison. The anticipated mud weight at T.D. is 9.2 PPG. This will provide an anticipated hydrostatic pressure of 2,283 psig. This provides a minimum over-balance pressure of 1,183 psig at TD.
- The well will be drilled by a triple, double, or lay-down singles derrick rig with 4-1/2" drill pipe and 6" (minimum) drill collars.
- The well will be monitored each 9-10 joints on trips out of the hole to insure that the BHA is not swabbing the well in. The well will be filled after each 30 joints of drill pipe and as each drill collar is pulled from the hole. Pits will be monitored in order to insure that the well is taking fluid on the trip.
- The fill-up line will be used to fill the well on trips. The kill line **WILL NOT** be used to fill the well on trips.
- **In the event that the bit is plugged on a trip, the well will be filled after each 15 joints of drill pipe are pulled from the well and as each drill collar is pulled from the well. Swabbing will be checked each 6 joints.**

#### 4. CASING AND CEMENTING PROGRAM:

##### a. General Casing and Cementing Design Specifications:

Hole Size, In.	Depth, Ft.	Casing OD, In.	Wt/GD/Jt/Cond	Cement
12 1/4"	300'	9-5/8"	32.3 LB/Ft; H-40; STC; New/Used (Inspected)	200 sks Class "G" + 2% CaCl + 1/4 #/sk Celloflake 1.17 cuft/sk, 15.8 #/gal
8 3/4"	4893'	4-1/2"	11.6 LB/Ft; J or K-55; STC or LTC; New/Used (Inspected)	Lead: 250 sks 10-0 Thixotropic Cement + 2% KCL + 0.25% Cello Flake 1.4 cuft/sk, 14.5 #/gal Note: Actual cement volume to be based upon caliper log.

##### b. Casing Centralization Equipment:

###### i. Surface Casing:

- A total of 3 centralizers will be run on the 9 5/8" OD Surface Casing: 1 at 10 ft. above the shoe, 1 at the 1<sup>st</sup> collar, and 1 at the 4<sup>th</sup> collar above the shoe.

###### ii. Production Casing:

- Centralizers will be placed 10' above the shoe and no further apart than every other collar through Dakota silt Fm. interval.

##### **5. PROPOSED DRILLING FLUIDS:**

DEPTH	TYPE	MUD WT., LB/GAL	VISCOSITY	WATER LOSS
0' – 300' (Min) 300' – 4893'	Spud Mud LSND mud	8.4 – 9.5 8.5 – 9.2	28 – 40 Sec/Qt 38 – 45 Sec/Qt	No Control Less than 12 cc

##### **6. LOGGING, TESTING, AND CORING PROGRAM:**

- a. The logging program will consist of:
  - i. MSFL-DLL w.GR & SP:  
T.D. to Surface Casing.
  - ii. FDC – CNL w/ GR & Caliper:  
T.D. to 3800'
- b. No cores are planned.
- c. No DST's are planned.
- d. 30 ft. samples will be obtained from the base of the surface casing to TD or at geologist's discretion.

##### **7. ABNORMAL CONDITIONS – PRESSURE – TEMPERATURE – POTENTIAL HAZARDS:**

Normal pressures and temperatures are expected IN THE OBJECTIVE FORMATION. A MAXIMUM Dakota/Morrison surface shut-in pressure of 1100 psi is expected. A maximum bottom hole temperature of 120 degrees Fahrenheit is anticipated. Sour gas (H<sub>2</sub>S) is not anticipated.

##### **8. ANTICIPATED STARTING DATE AND DURATION OF OPERATIONS:**

Road and location construction will begin as soon as APD approval has been granted by the BLM. The anticipated spud date for this well is currently May 15, 2006 subject to rig availability and permit approval. Once commenced, drilling operations should be finished within 12 to 15 days. Side-tracking operations, if required, will considerably extend the period of operations. Appropriate verbal notification of side-tracking operations shall immediately be made if such operations are required, plugback procedures confirmed, and appropriate Sundry Notices filed as soon as possible. If the well is productive, an additional 8 to 10 days will be required for completion.

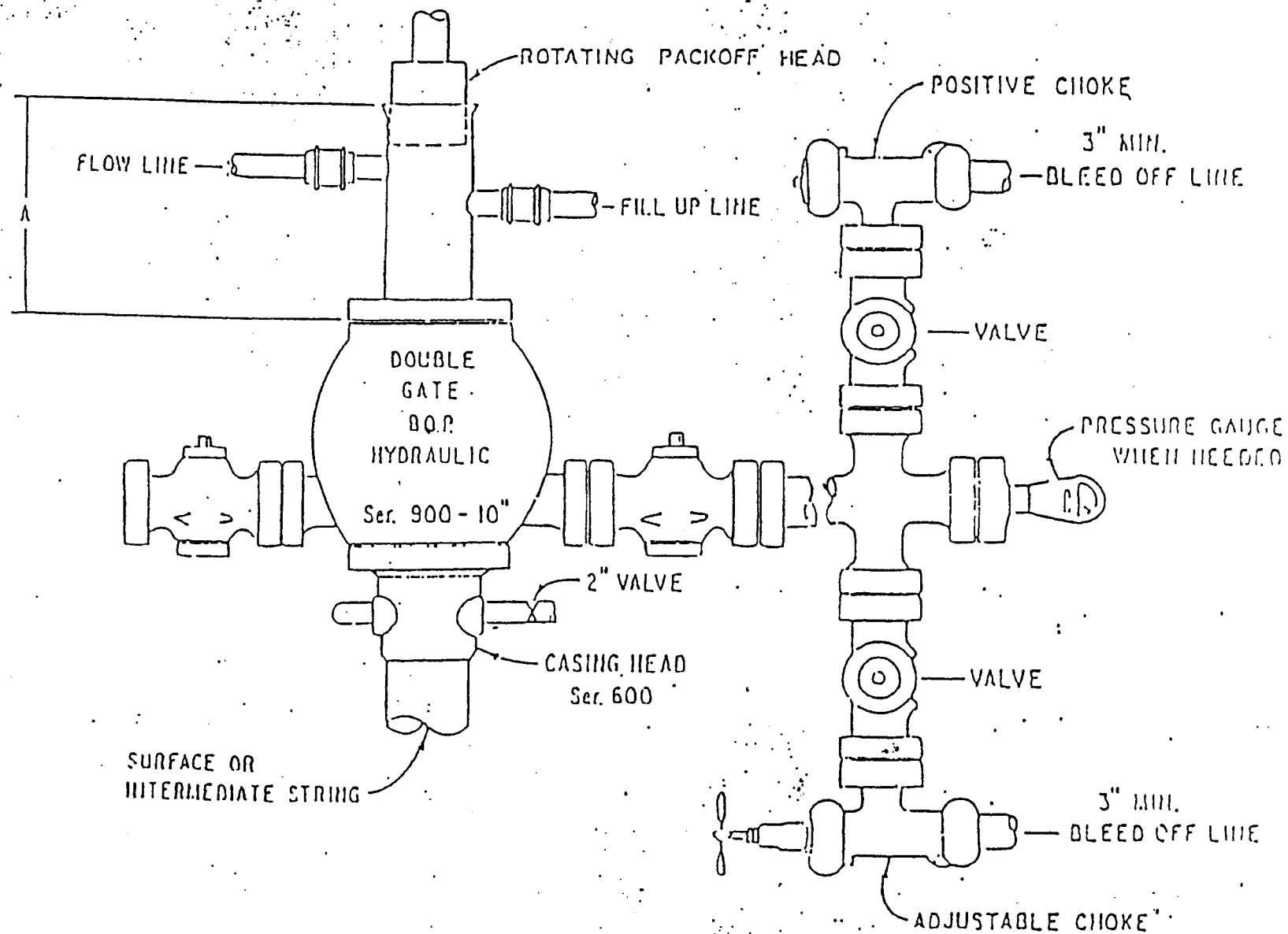


EXHIBIT I  
 BLOWOUT PREVENTER DIAGRAM

## **SURFACE USE PLAN**

Lone Mountain production Company  
Federal No. 12-11  
846' FSL, 2506' FEL Section 12, T17S, R24E  
Grand County, Utah

### **1. EXISTING ROADS**

This proposed well is located 9.8 miles north of Westwater exit on I70 in Utah. Proceed to exit 228 on Interstate 70. Follow old highway 50 to the north and east 1 mile. Turn left and go north west 5 mile to the Bryson T. Turn right and go 4.4 miles to West San Arroyo canyon. Turn left and go 4.1 mile north to a meter shed on the left. Turn left and go 0.2 miles up the hill. Turn right and go 0.5 miles to location.

### **2. NEW ROADS**

This well pad uses a previously built road and pad to drill directionally. A cultural survey has been performed on the road and location area.

### **3. LOCATION OF EXISTING WELLS**

8 producing wells and 1 dryhole are within a one-mile radius.

### **4. LOCATION OF PRODUCTION FACILITIES**

Upon completion of the well as a producing gas well, sufficient facilities to handle gas production will be installed. This includes a heated separator, a meter run and a small water tank or pit. A submittal in accordance with Onshore Order #7 will be completed at that time. All facilities will be painted Pinyon Green to blend in with the natural surroundings.

### **5. LOCATION AND TYPE OF WATER SUPPLY**

Water will be delivered from the Ute water tap in Mack, Colorado.

### **6. SOURCE OF CONSTRUCTION MATERIALS**

All materials are native to the site. No new materials will be brought in.

### **7. METHODS FOR HANDLING WASTE MATERIALS**

Cuttings will be buried in the reserve pit at cleanup. Garbage and other waste material will be contained in a trash cage, which will be dumped at an approved sanitary landfill. Human waste will be contained in chemically treated portable toilets.

Drilling fluids will be contained in a reserve pit. The drilling mud will be left to dry out before reclamation of the pit. Flow back from completion operations will also be contained in the reserve pit. Oil will not be put in the reserve pit.

If the well is productive, produced water will be disposed on site for 30 days or 90 days with the permission of the State Petroleum Engineer. After that time, application will be made for the approval of a permanent disposal method in compliance with the rules and regulations of the State of Utah and Onshore Order No 7.

## 8. ANCILLARY FACILITIES

A 3-1/2" welded steel pipe line will be layed on the north side of the road approx. 1/2 mile to the next intersection where it will be connected to the existing Lone Mountain gathering system. A separator and tank or pit will be set for the 12-11 well if it is productive.

## 9. WELLSITE LAYOUT

See figure 1 – Pit and pad layout

See figure 2 – Cross sections of pit and pad

This location is already defined as a dry hole location and will be constructed large enough to accommodate the drilling rig and associated equipment for drilling this well with allowance made for future completion and production equipment.

The reserve pit is fenced on three sides prior to drilling activity and closed off on the fourth side after drilling is finished.

All construction activities will be confined to the minimum area necessary. The exterior boundaries of the construction area will be clearly marked prior to any surface disturbing activities or vegetation removal.

All brush is cleared and stockpiled on the North edge of the location beyond the location edge and will be kept separate from the topsoil stockpiles. The brush will be used for mulch after the disturbed area has been reseeded.

## 10. PLANS FOR RECLAMATION OF THE SURFACE

A biodegradable mulch may be required if soil erosion or vegetation establishment is determined to be a problem by the authorized officer on the access or location reclamation.

All disturbed areas will be seeded with the approved seed mixture. Seed tags will be submitted to the area manager within 30 days of seeding.

Seed bed will be prepared by contour cultivating 4 – 6” deep and drilling seed ½ to 1” deep following the contour. In areas that cannot be drilled, seed will be broadcast at 1.5 times the application rate and then dragged for cover.

Seeding will be completed after September 15, 2006 and prior to October 31, 2006, if feasible, but no later than the fall of 2007.

If the well is a producer:

LMPC will upgrade and maintain access roads as necessary to prevent soil erosion and accommodate year round traffic. Areas unnecessary to production operations will be reshaped, cultivated on the contour, and seeded with the approved seed mixture with a drill ½ to 1” deep. Areas where seed cannot be drilled will be broadcast seeded at 1.5 times the approved application rate and dragged for seed cover. The topsoil will be saved for use during final reclamation unless the site can be re-contoured to blend with the natural topography as required for the final abandonment. Perennial vegetation will be established. Additional work will be required in the case of seeding failures. All permanent facilities will be painted pinon green to blend with the natural environment.

If the well is abandoned/dry hole:

LMPC will restore the access road and location to blend with the natural topography. During reclamation of the site, fill material will be pushed into cuts and up over the back slope. No depressions will be left that could trap water or form ponds. Top soil will be distributed evenly over the location and seeded according to the approved seed mixture.

The area will be considered to be satisfactorily reclaimed when:

- a) Soil erosion resulting from the operations has been stabilized
- b) A vegetative cover at least equal to that present prior to disturbance and a plant species composition at least desirable as that present prior to disturbance has been established. Establishment of seeded species in the approved seed formula will be considered as acceptance.

Additional work will be required until these conditions are satisfied.

## 11. SURFACE OWNERSHIP

All lands involving new construction are federal lands.

## 12. NOTIFICATIONS

LMPC will contact the Moab Resource Area Manager at least 24 hours prior to commencing construction or maintenance of the access road and/or well pad.

LMPC will immediately bring to the attention of the Moab Resource Area Manager any and all antiquities or other objects of historic or prehistoric ruins, artifacts, or fossils discovered as a result of operations under this permit. LMPC will immediately suspend all activities in the area of the object and will leave such discoveries intact until told to proceed by the area manager. Notice to proceed will be based upon the evaluation of the cultural significance of the object. Evaluation will be by a qualified professional selected by the Area Manager from a federal agency insofar as practical. When not practical, LMPC will follow the mitigation requirements set forth by the area manager concerning protection, preservation, or disposition of any sites or material discovered. In those situations where the area manager determines that data recovery and/or salvage excavations are necessary, LMPC will bear the cost of such data recovery and/or salvage operations.

The Moab Resource Area Manager will be notified at least 24 hours prior to commencing reclamation work.

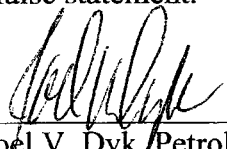
### 13. LESSEE'S OR OPERATOR'S REPRESENTATIVES AND CERTIFICATION

Joel V. Dyk  
Petroleum Engineer  
1360 Highway 6 & 50  
Loma, Colorado 81524  
Office Phone: (970) 858-7546  
Cell Phone: (970) 250-9770

Jim Routson  
Lone Mountain Production Company  
P. O. Box 80965  
Billings, Montana 59108  
Office Phone: (406) 245-5077  
Cell Phone: (406) 690-4452

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions that currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with operations proposed herein will be performed by LMPC and it's contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

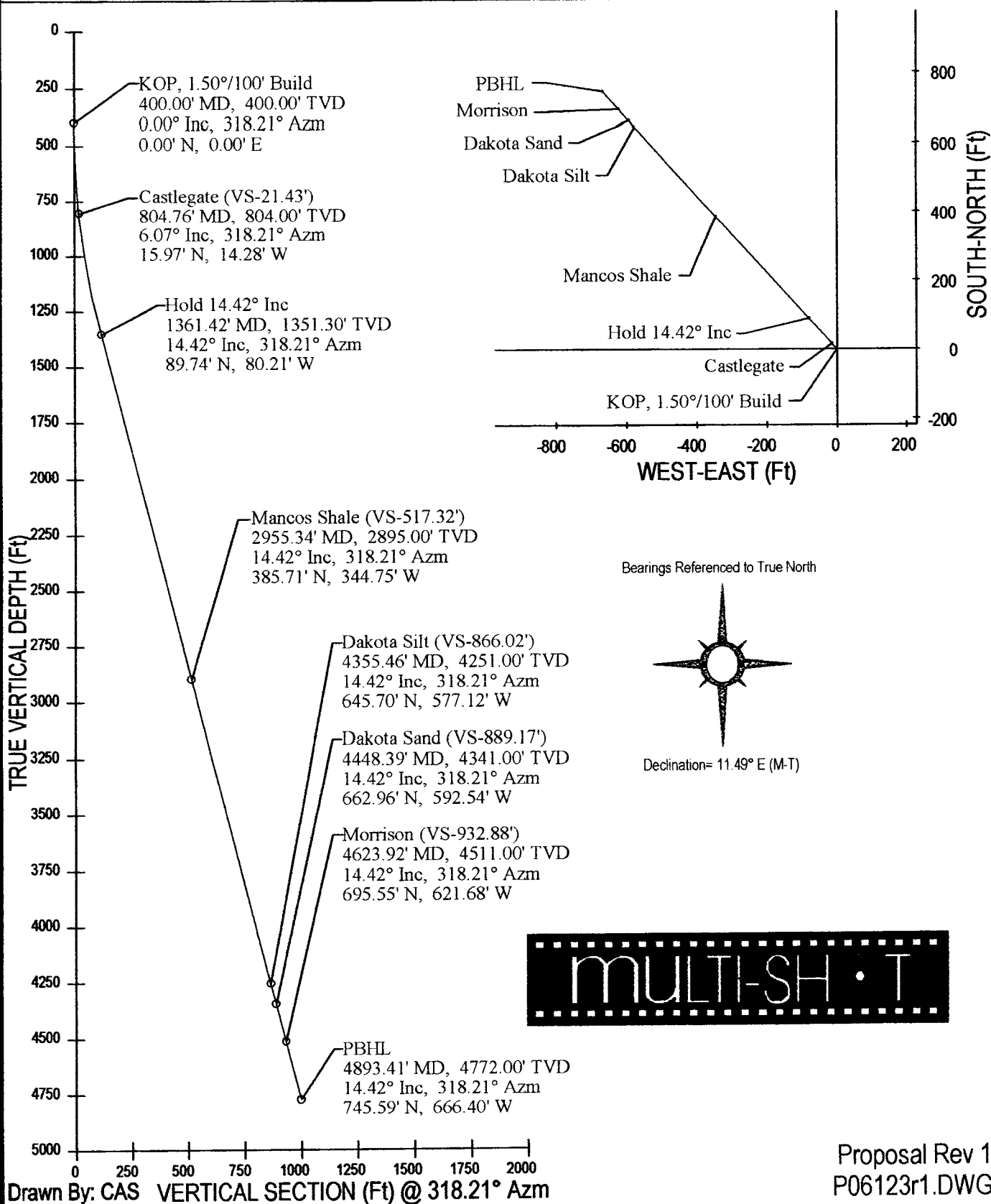
3/22/06  
Date

  
Joel V. Dyk, Petroleum Engineer

Company: Lone Mountain Production  
 Lease/Well: Federal #12-11  
 Location: Grand County  
 Rig Name: Unknown

# Lone Mountain Production

State/Country: Utah  
 Declination: 11.49° E (M-T)  
 Grid: Referenced to True North  
 Date/Time: 28 Apr 06 / 08:20





Job Number: P06-123  
 Company: Lone Mountain Production  
 Lease/Well: Federal #12-11  
 Location: Grand County  
 Rig Name: Unknown  
 RKB:  
 G.L. or M.S.L.:

State/Country: Utah  
 Declination: 11.49° E (M-T)  
 Grid: Referenced to True North  
 File name: F:\WELLPL-1\2006\IP06120\S\IP06123\06123.SVY  
 Date/Time: 27-Apr-06 / 11:51  
 Curve Name: Prop Rev 1

WINSERVE PROPOSAL REPORT  
 Minimum Curvature Method  
 Vertical Section Plane 318.21  
 Vertical Section Referenced to Wellhead  
 Rectangular Coordinates Referenced to Wellhead

Measured Depth FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	N-S FT	E-W FT	Vertical Section FT	CLOSURE Distance FT	Direction Deg	Dogleg Severity Deg/100
<b>KOP, 1.50°/100' Build</b>									
400.00	.00	318.21	400.00	.00	.00	.00	.00	.00	.00
500.00	1.50	318.21	499.99	.98	-.87	1.31	1.31	318.21	1.50
600.00	3.00	318.21	599.91	3.90	-3.49	5.23	5.23	318.21	1.50
700.00	4.50	318.21	699.69	8.78	-7.85	11.77	11.77	318.21	1.50
800.00	6.00	318.21	799.27	15.60	-13.94	20.92	20.92	318.21	1.50
<b>Castlegate - 21.43° VS</b>									
804.76	6.07	318.21	804.00	15.97	-14.28	21.43	21.43	318.21	1.50
900.00	7.50	318.21	898.57	24.36	-21.78	32.68	32.68	318.21	1.50
1000.00	9.00	318.21	997.54	35.06	-31.34	47.03	47.03	318.21	1.50
1100.00	10.50	318.21	1096.09	47.69	-42.62	63.96	63.96	318.21	1.50
1200.00	12.00	318.21	1194.16	62.23	-55.62	83.47	83.47	318.21	1.50
1300.00	13.50	318.21	1291.70	78.69	-70.33	105.54	105.54	318.21	1.50
<b>Hold 14.42° Inc</b>									
1361.42	14.42	318.21	1351.30	89.74	-80.21	120.36	120.36	318.21	1.50
<b>Mancos Shale - 517.32° VS</b>									
2955.34	14.42	318.21	2895.00	385.71	-344.75	517.32	517.32	318.21	.00
<b>Dakota Silt - 866.02° VS</b>									
4355.46	14.42	318.21	4251.00	645.70	-577.12	866.02	866.02	318.21	.00
<b>Dakota Sand - 889.17° VS</b>									
4448.39	14.42	318.21	4341.00	662.96	-592.54	889.17	889.17	318.21	.00

Measured Depth FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	N-S FT	E-W FT	Vertical Section FT	CLOSURE		Dogleg Severity Deg/100
							Distance FT	Direction Deg	
Morrison - 932.88' VS									
4623.92	14.42	318.21	4511.00	695.55	-621.68	932.88	932.88	318.21	.00
PBHL									
4893.41	14.42	318.21	4772.00	745.59	-666.40	1000.00	1000.00	318.21	.00

# LONE MOUNTAIN PRODUCTION

**FEDERAL #12-11**

LOCATED IN GRAND COUNTY, UTAH

SECTION 12, T17S, R24E, S.L.B.&M.



PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: NORTHEASTERLY



PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: WESTERLY



- Since 1964 -

**UELS**

Uintah Engineering & Land Surveying

85 South 200 East Vernal, Utah 84078

435-789-1017 uels@uelsinc.com

**LOCATION PHOTOS**

**02 17 06**  
MONTH DAY YEAR

TAKEN BY: J.W. | DRAWN BY: C.P. | REVISED: 00-00-00

**PHOTO**

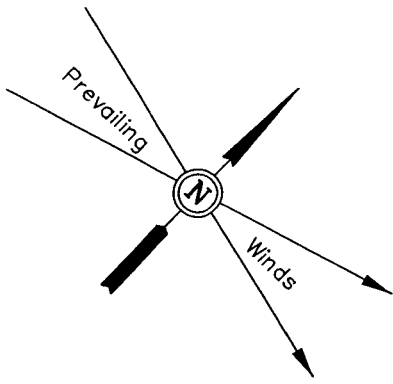
*FIGURE #1*

## LOCATION LAYOUT FOR

FEDERAL #12-11

SECTION 12, T17S, R24E, S.L.B.&amp;M.

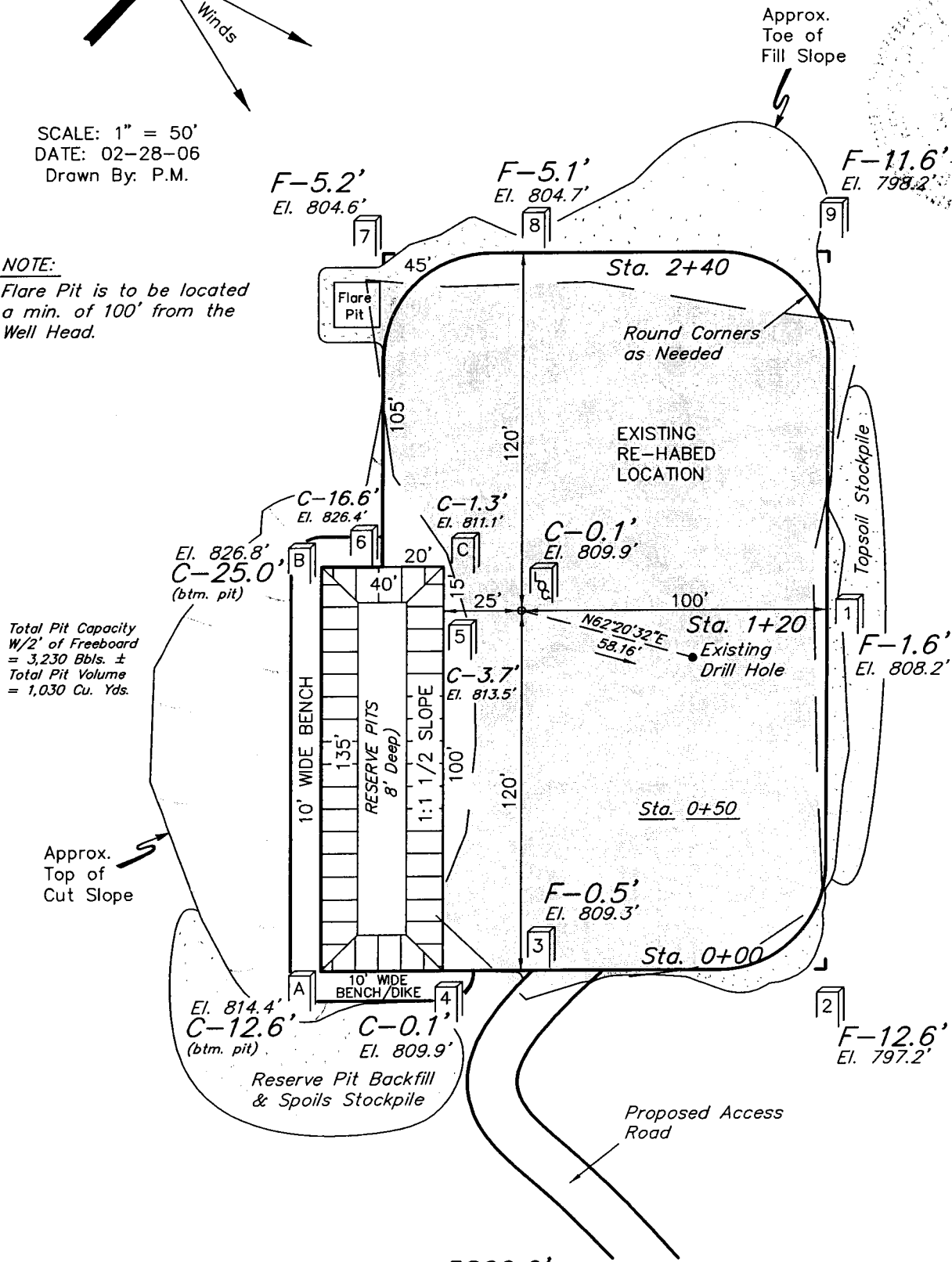
846' FSL 2506' FEL



SCALE: 1" = 50'  
DATE: 02-28-06  
Drawn By: P.M.

**NOTE:**

Flare Pit is to be located  
a min. of 100' from the  
Well Head.



Elev. Ungraded Ground at Location Stake = 5809.9'  
Elev. Graded Ground at Location Stake = 5809.8'

UINTAH ENGINEERING & LAND SURVEYING  
85 So. 200 East \* Vernal, Utah 84078 \* (435) 789-1017

# LONE MOUNTAIN PRODUCTION

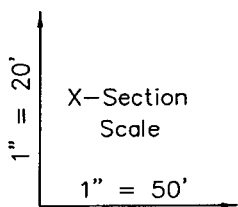
## TYPICAL CROSS SECTIONS FOR

FEDERAL #12-11

SECTION 12, T17S, R24E, S.L.B.&M.

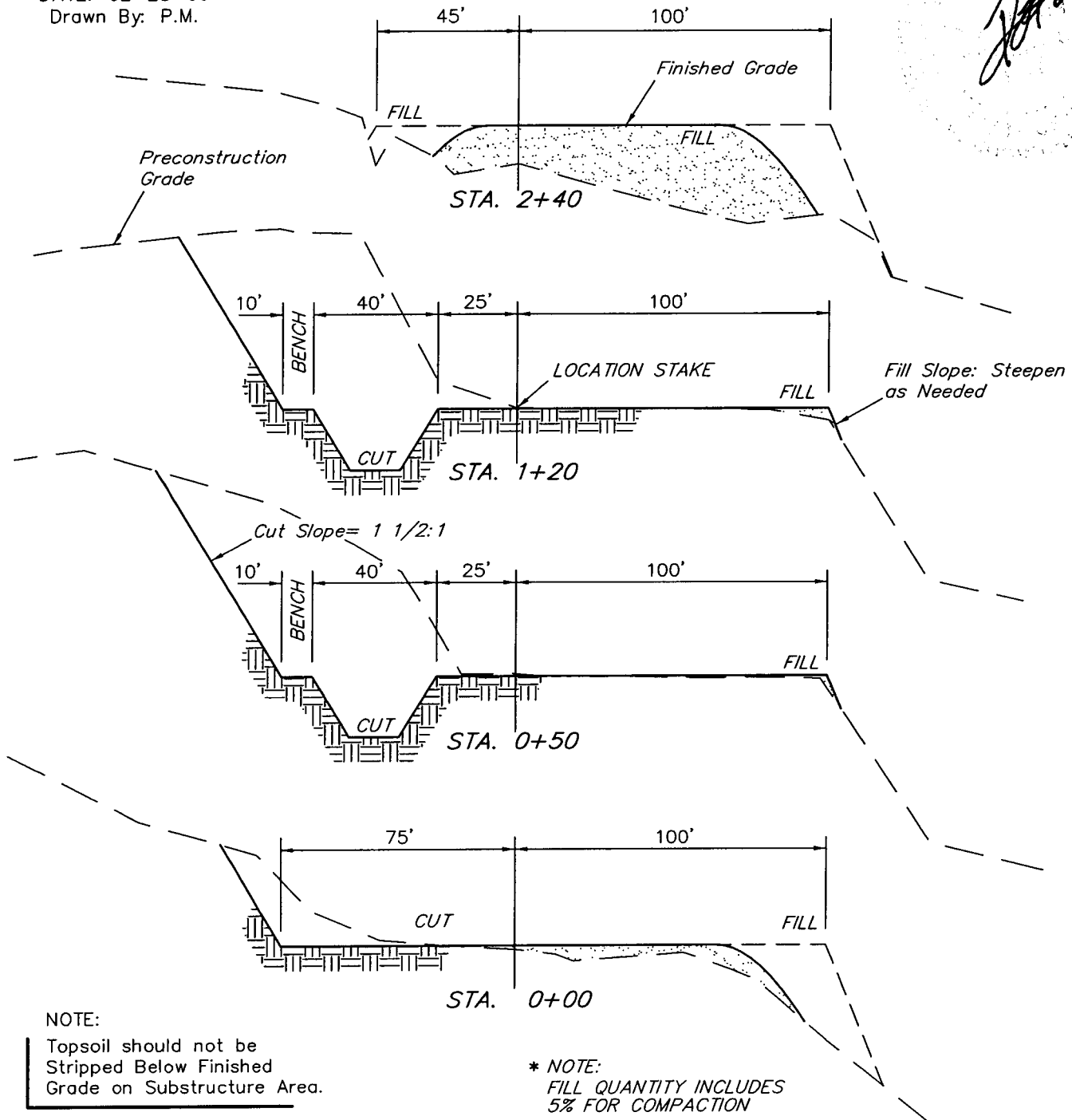
846' FSL 2506' FEL

FIGURE #2



DATE: 02-28-06

Drawn By: P.M.



NOTE:

Topsoil should not be Stripped Below Finished Grade on Substructure Area.

\* NOTE:

FILL QUANTITY INCLUDES 5% FOR COMPACTION

### APPROXIMATE YARDAGES

#### CUT

(6") Topsoil Stripping = 1,000 Cu. Yds.

Remaining Location = 7,640 Cu. Yds.

TOTAL CUT = 8,640 CU.YDS.

FILL = 1,700 CU.YDS.

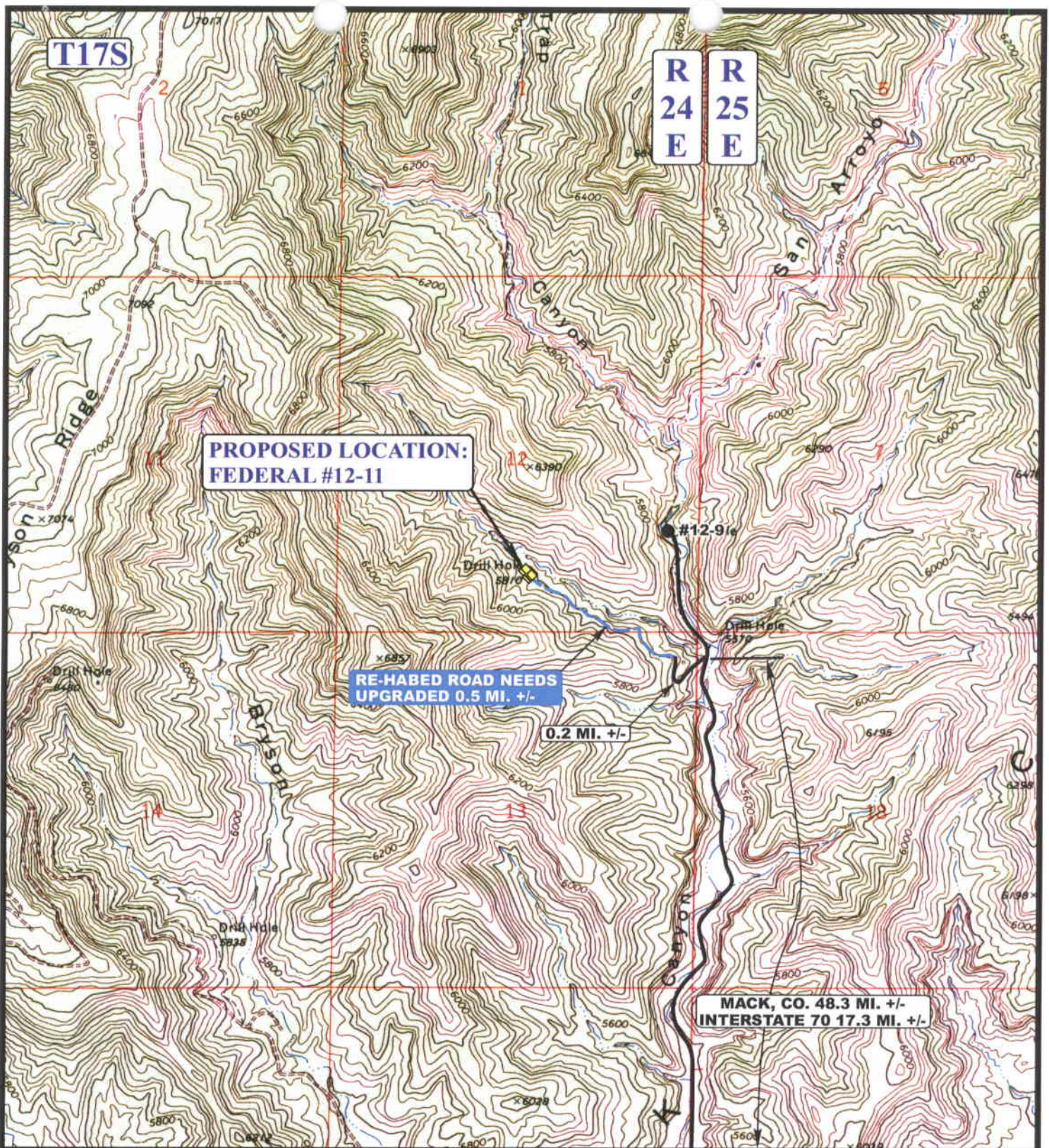
EXCESS MATERIAL = 6,940 Cu. Yds.

Topsoil & Pit Backfill (1/2 Pit Vol.) = 1,520 Cu. Yds.

EXCESS UNBALANCE (After Rehabilitation) = 5,420 Cu. Yds.

UINTAH ENGINEERING & LAND SURVEYING  
85 So. 200 East \* Vernal, Utah 84078 \* (435) 789-1017





# LEGEND:

EXISTING ROAD  
 RE-HABED ROAD NEEDS UPGRADED

# LONE MOUNTAIN PRODUCTION

FEDERAL #12-11  
 SECTION 12, T17S, R24E, S.L.B.&M.  
 846' FSL 2506' FEL



Uintah Engineering & Land Surveying  
 85 South 200 East Vernal, Utah 84078  
 (435) 789-1017 \* FAX (435) 789-1813

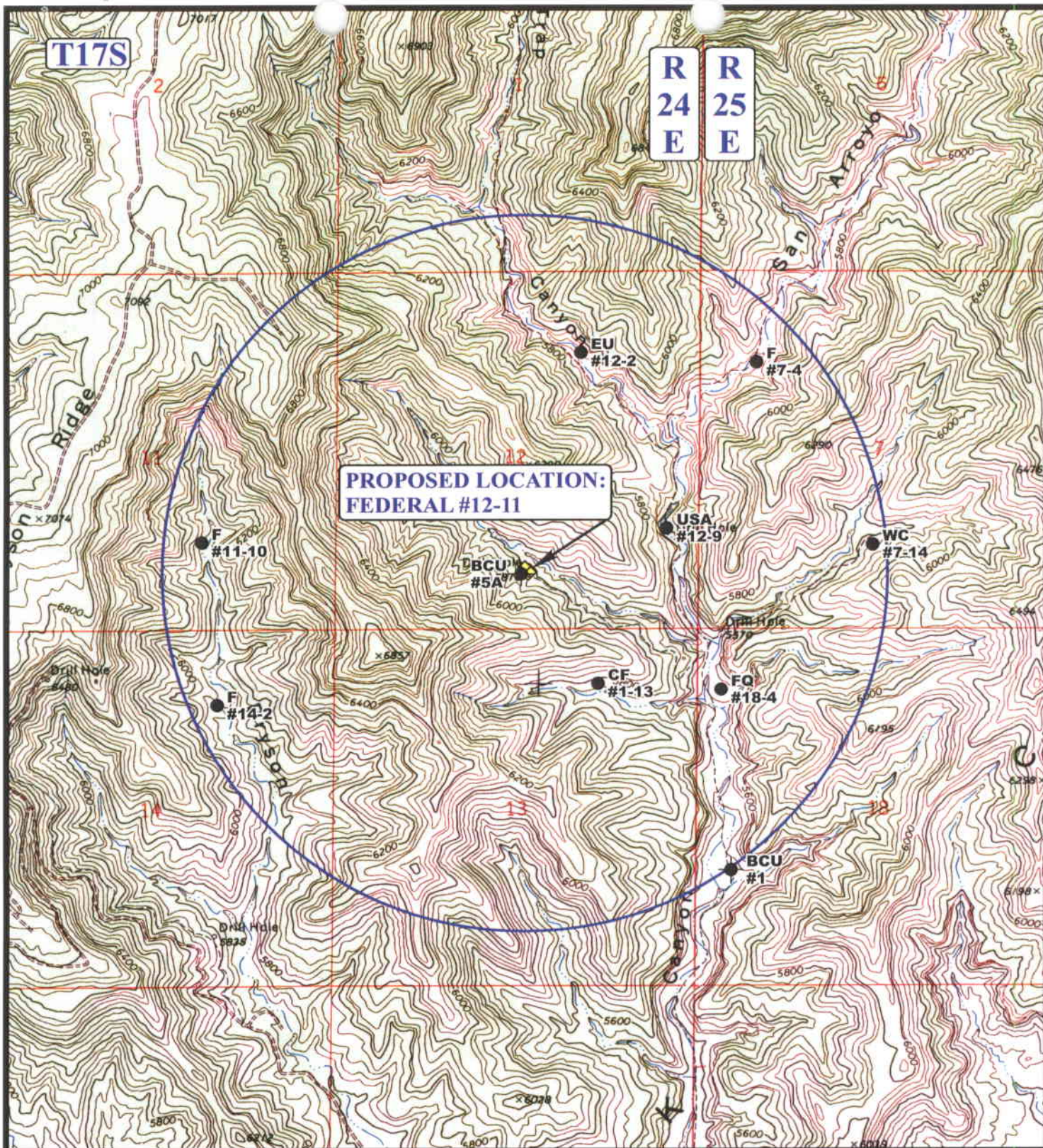


TOPOGRAPHIC  
 MAP

02 17 06  
 MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: C.P. REVISED: 00-00-00





### LEGEND:

- |                   |                         |
|-------------------|-------------------------|
| ⊗ DISPOSAL WELLS  | ⊗ WATER WELLS           |
| ● PRODUCING WELLS | ● ABANDONED WELLS       |
| ● SHUT IN WELLS   | ● TEMPORARILY ABANDONED |

### LONE MOUNTAIN PRODUCTION

**FEDERAL #12-11**  
**SECTION 12, T17S, R24E, S.L.B.&M.**  
**846' FSL 2506' FEL**



**Uintah Engineering & Land Surveying**  
 85 South 200 East Vernal, Utah 84078  
 (435) 789-1017 \* FAX (435) 789-1813

**TOPOGRAPHIC  
MAP**

**02 17 06**  
 MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: C.P. REVISED: 00-00-00



**WORKSHEET**  
**APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 08/21/2006

API NO. ASSIGNED: 43-019-31498

WELL NAME: FEDERAL 12-11

OPERATOR: LONE MTN PRODUCTION CO ( N7210 )

CONTACT: JOE DYK

PHONE NUMBER: 970-250-9770

**PROPOSED LOCATION:**

*S. S.W. S.E.*  
*B.*

NESW 12 170S 240E

SURFACE: 0846 FSL 2506 FEL

BOTTOM: 1581<sup>82</sup> FSL 2125<sup>2</sup> FWL

COUNTY: GRAND

LATITUDE: 39.33790 LONGITUDE: -109.2091

UTM SURF EASTINGS: 654351 NORTHINGS: 4355595

FIELD NAME: BRYSON CANYON ( 185 )

INSPECT LOCATN BY: / /

Tech Review	Initials	Date
Engineering		
Geology		
Surface		

LEASE TYPE: 1 - Federal

LEASE NUMBER: UTU-41374

SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: MRSN

COALBED METHANE WELL? NO

**RECEIVED AND/OR REVIEWED:**

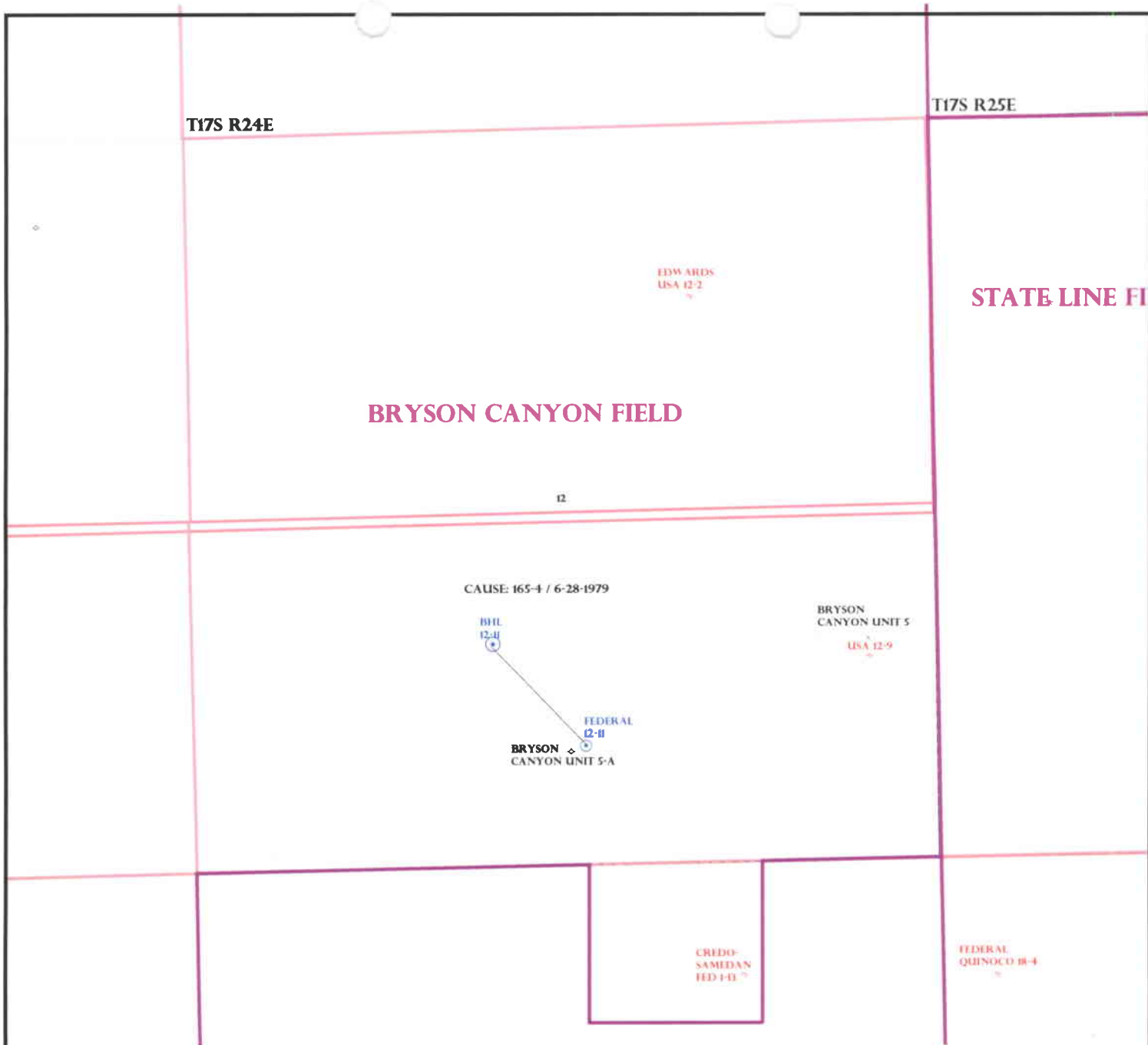
☒ Plat  
☒ Bond: Fed[1] Ind[] Sta[] Fee[]  
(No. UTU0719 )  
☒ Potash (Y/N)  
☒ Oil Shale 190-5 (B) or 190-3 or 190-13  
☒ Water Permit  
(No Municipal )  
☒ RDCC Review (Y/N)  
(Date: \_\_\_\_\_ )  
☒ Fee Surf Agreement (Y/N)  
☒ Intent to Commingle (Y/N)

**LOCATION AND SITING:**

\_\_\_\_ R649-2-3.  
Unit: \_\_\_\_\_  
\_\_\_\_ R649-3-2. General  
Siting: 460' From Qtr/Qtr & 920' Between Wells  
\_\_\_\_ R649-3-3. Exception  
☒ Drilling Unit  
Board Cause No: 13.6(1)  
Eff Date: 8-22-86  
Siting: 500' to drive well & 2000' from other wells  
\_\_\_\_ R649-3-11. Directional Drill

COMMENTS: \_\_\_\_\_

STIPULATIONS: *See Appendix*



OPERATOR: LONE MTN PROD CO (N7210)

SEC: 12 T.17S R. 24E

FIELD: BRYSON CANYON (185)

COUNTY: GRAND

CAUSE: 13-4 (1)

**Field Status**  
 [Black Box] ABANDONED  
 [Pink Box] ACTIVE  
 [Light Pink Box] COMBINED  
 [Dark Pink Box] INACTIVE  
 [Light Blue Box] PROPOSED  
 [Pink Box] STORAGE  
 [White Box] TERMINATED

**Unit Status**  
 [White Box] EXPLORATORY  
 [Light Green Box] GAS STORAGE  
 [Light Green Box] NF PP OIL  
 [Light Green Box] NF SECONDARY  
 [Light Green Box] PENDING  
 [Light Green Box] PI OIL  
 [Red Box] PP GAS  
 [Red Box] PP GEOTHERML.  
 [Red Box] PP OIL  
 [Light Blue Box] SECONDARY  
 [White Box] TERMINATED

**Wells Status**  
 [Star] GAS INJECTION  
 [Star] GAS STORAGE  
 [X] LOCATION ABANDONED  
 [Circle] NEW LOCATION  
 [Star] PLUGGED & ABANDONED  
 [Star] PRODUCING GAS  
 [Star] PRODUCING OIL  
 [Star] SHUT-IN GAS  
 [Star] SHUT-IN OIL  
 [X] TEMP. ABANDONED  
 [Circle] TEST WELL  
 [Triangle] WATER INJECTION  
 [Triangle] WATER SUPPLY  
 [Triangle] WATER DISPOSAL  
 [Triangle] DRILLING



Utah Oil Gas and Mining



PREPARED BY: DIANA WHITNEY  
 DATE: 22-AUGUST-2006



## State of Utah

### Department of Natural Resources

MICHAEL R. STYLER  
*Executive Director*

### Division of Oil, Gas & Mining

JOHN R. BAZA  
*Division Director*

JON M. HUNTSMAN, JR.  
*Governor*

GARY R. HERBERT  
*Lieutenant Governor*

September 5, 2006

Lone Mountain Production Company  
P O Box 80965  
Billings, MT 59108

Re: Federal 12-11 Well, Surface Location 846' FSL, 2506' FEL, SW SE, Sec. 12, T. 17 South, R. 24 East, Bottom Location 1592' FSL, 2125' FWL, NE SW, Sec. 12, T.17 South, R. 24 East, Grand County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-019-31498.

Sincerely,

Gil Hunt  
Associate Director

pab  
Enclosures

cc: Grand County Assessor  
Bureau of Land Management, Moab District Office

Operator: Lone Mountain Production Company  
Well Name & Number Federal 12-11  
API Number: 43-019-31498  
Lease: UTU-41374

Surface Location: SW SE      Sec. 12      T. 17 South      R. 24 East  
Bottom Location: NE SW      Sec. 12      T. 17 South      R. 24 East

### Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

Notify the Division within 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dan Jarvis at (801) 538-5338

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.

5. In accordance with Utah Admin. R.649-3-11, Directional Drilling, the operator shall submit a complete angular deviation and directional survey report to the Division within 30 days following completion of the well.

## DIVISION OF OIL, GAS AND MINING

### **SPUDDING INFORMATION**

Name of Company: LONE MOUNTAIN PRODUCTION CO

Well Name: FEDERAL 12-11

Api No: 43-019-31498 Lease Type: FEDERAL

Section 12 Township 17S Range 24E County GRAND

Drilling Contractor ELENBURG RIG # 4

### **SPUDDED:**

Date 09/10/06

Time

How DRY

**Drilling will Commence:**

Reported by JIM ROUTSON

Telephone # (406) 245-5077

Date 09/13/06 Signed CHD

**STATE OF UTAH**  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 6

**ENTITY ACTION FORM**

Operator: Lone Mountain Production Company Operator Account Number: N 7210  
Address: P. O. Box 80965  
city Billings  
state MT zip 59108 Phone Number: (406) 245-5077

**Well 1**

API Number	Well Name		QQ	Sec	Twp	Rng	County
019-31498	Federal No. 12-11		SWSE	12	17S	24E	Grand
Action Code	Current Entity Number	New Entity Number	Spud Date			Entity Assignment Effective Date	
A	99999	15631	9/8/2006			9/17/06	
Comments: <u>MPSN</u>							

**Well 2**

API Number	Well Name		QQ	Sec	Twp	Rng	County
Action Code	Current Entity Number	New Entity Number	Spud Date			Entity Assignment Effective Date	
Comments:							

**Well 3**

API Number	Well Name		QQ	Sec	Twp	Rng	County
Action Code	Current Entity Number	New Entity Number	Spud Date			Entity Assignment Effective Date	
Comments:							

**ACTION CODES:**

- A - Establish new entity for new well (single well only)
- B - Add new well to existing entity (group or unit well)
- C - Re-assign well from one existing entity to another existing entity
- D - Re-assign well from one existing entity to a new entity
- E - Other (Explain in 'comments' section)

**RECEIVED**  
**SEP 14 2006**

James G. Routson

Name (Please Print)

*James Routson*

Signature

President

Title

9/12/2006

Date

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

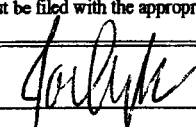
FORM APPROVED  
OMB No. 1004-0137  
Expires March 31, 2007

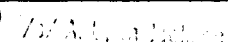
1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. UTU-41374
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name N/A
2. Name of Operator Lone Mountain Production Company		7. If Unit or CA Agreement, Name and No. <del>UTU-41374</del> CA# UTU60752
3a. Address P. O. Box 80965 Billings, MT 59108	3b. Phone No. (include area code) 970-250-9770 (Joe Dyk)	8. Lease Name and Well No. Federal No. 12-11
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 846' FSL 2506' FEL Sec. 12, T17S, R24E SWSE At proposed prod. zone 1509' FSL 2209' FWL Sec. 12, T17S, R24E NESW		9. API Well No. 43.019.31498
14. Distance in miles and direction from nearest town or post office* 40 Miles NW of Mack, CO		10. Field and Pool, or Exploratory San Arroyo
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1040' from North Line		11. Sec., T. R. M. or Blk. and Survey or Area SWSE Sec. 12, T17S R24E (surf.) NESW Sec. 12, T17S, R24E (bhl)
16. No. of acres in lease 240		12. County or Parish Grand
17. Spacing Unit dedicated to this well 160 Acres		13. State UT
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 2700' W of 12-9 well		20. BLM/BIA Bond No. on file UT0719
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5810' GL		22. Approximate date work will start* 05/15/2006
23. Estimated duration 15 days		

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, must be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification
- Such other site specific information and/or plans as may be required by the BLM.

25. Signature 	Name (Printed/Typed) Joe Dyk	Date 05/02/2006
Title Petroleum Engineer		

Approved by (Signature) 	Name (Printed/Typed) /s/ A. Lynn Jackson	Date 8/14/06
Title Assistant Field Manager, Division of Resources		
Office Division of Resources Moab Field Office		

Application approval does not constitute a finding that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.  
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

\*(Instructions on page 2)

CONDITIONS OF APPROVAL ATTACHED

Accepted by the  
Utah Division of  
Oil, Gas and Mining  
FOR RECORD ONLY

RECEIVED

AUG 17 2006

DIV. OF OIL, GAS & MINING

T17S, R24E, S.L.B.&M.

S89°59'W - 5287.92' (G.L.O.)

R  
24  
E

R  
25  
E

# LONE MOUNTAIN PRODUCTION

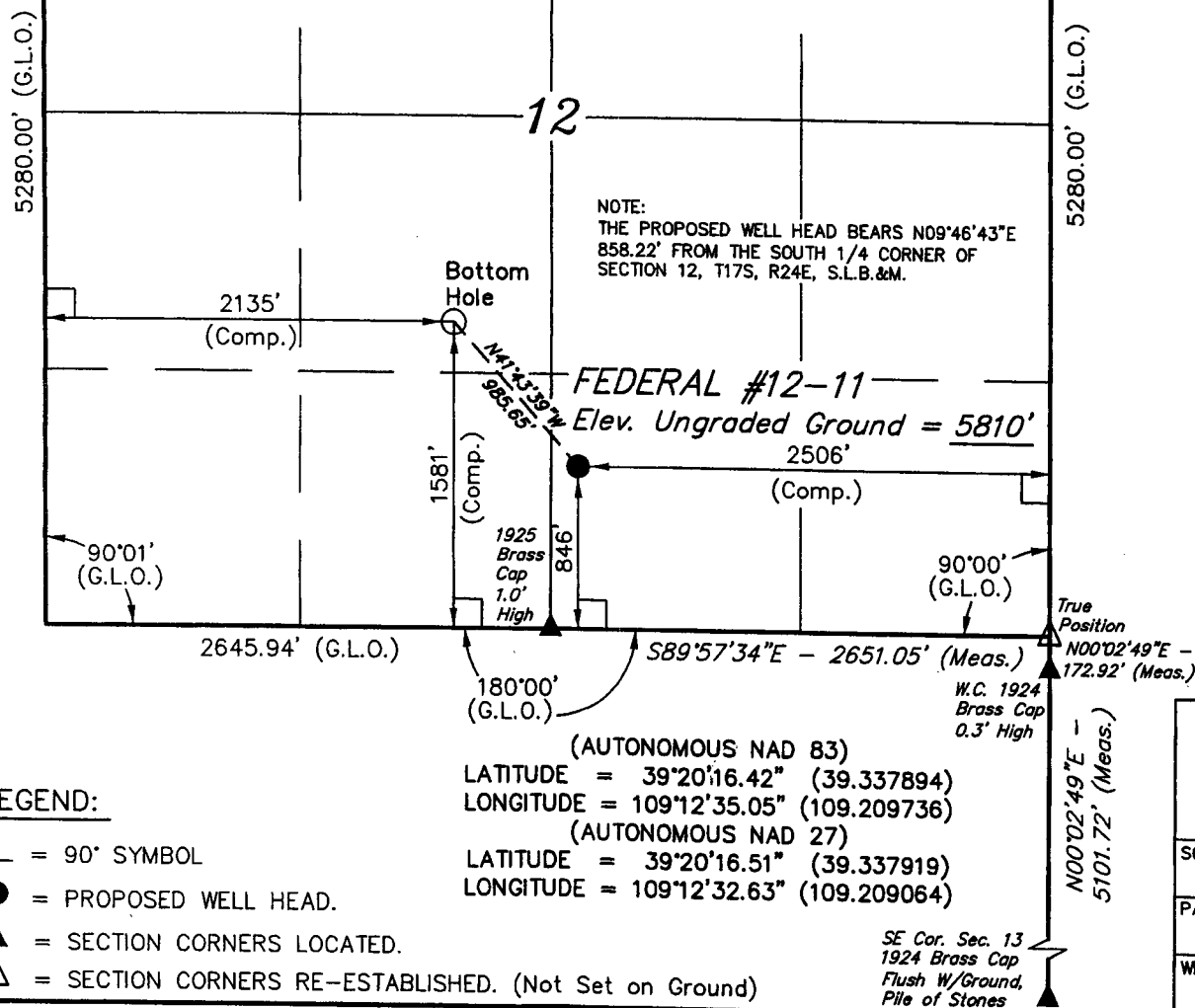
Well location, FEDERAL #12-11, located as shown in the SW 1/4 SE 1/4 of Section 12, T17S, R24E, S.L.B.&M. Grand County, Utah.

## BASIS OF ELEVATION

SPOT ELEVATION AT AN EXISTING DRILL HOLE LOCATED IN THE SE 1/4 OF SECTION 12, T17S, R24E, S.L.B.&M. TAKEN FROM THE BRYSON CANYON QUADRANGLE, UTAH, GRAND COUNTY 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 5810 FEET.

## BASIS OF BEARINGS

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.

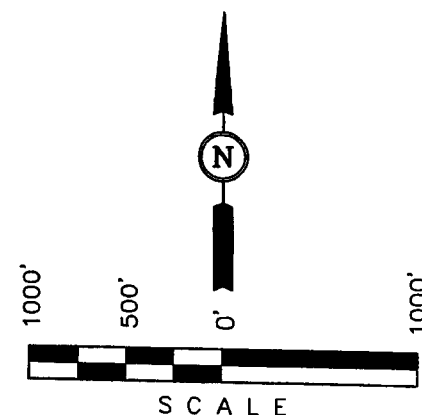


### LEGEND:

- └─ = 90° SYMBOL
- = PROPOSED WELL HEAD.
- ▲ = SECTION CORNERS LOCATED.
- △ = SECTION CORNERS RE-ESTABLISHED. (Not Set on Ground)

(AUTONOMOUS NAD 83)  
 LATITUDE = 39°20'16.42" (39.337894)  
 LONGITUDE = 109°12'35.05" (109.209736)  
 (AUTONOMOUS NAD 27)  
 LATITUDE = 39°20'16.51" (39.337919)  
 LONGITUDE = 109°12'32.63" (109.209064)

SE Cor. Sec. 13  
 1924 Brass Cap  
 Flush W/Ground,  
 Pile of Stones



CERTIFICATE OF SURVEY  
 THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.  
 ROBERTA KAY  
 REGISTERED LAND SURVEYOR  
 REGISTRATION NO. 1019

REVISED: 04-28-06

UINTAH ENGINEERING & LAND SURVEYING  
 85 SOUTH 200 EAST - VERNAL, UTAH 84078  
 (435) 789-1017

SCALE 1" = 1000'	DATE SURVEYED: 02-10-06	DATE DRAWN: 02-28-06
PARTY J.W. J.K. P.M.	REFERENCES G.L.O. PLAT	
WEATHER COLD	FILE LONE MOUNTAIN PRODUCTION	

**Lone Mountain Production Company**

**Federal 12-11**

Lease UTU-41374

Communitization Agreement UTU-60752

Location (Surface) SW/SE Section 12, T17S, R24E  
(Bottom-Hole) NE/SW Section 12, T17S, R24E

Grand County, Utah

**A COMPLETE COPY OF THIS PERMIT SHALL BE KEPT ON LOCATION from the beginning of site construction through well completion, and shall be available to contractors to ensure compliance.**

**CONDITIONS OF APPROVAL**

Approval of this application does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Be advised that Lone Mountain Production Company is considered to be the operator of the above well and is responsible under the terms and conditions of the lease for the operations conducted on the leased lands.

Bond coverage for this well is provided by BLM bond no. **UT0719** (Principal - Lone Mountain Production Company) via surety consent as provided for in 43 CFR 3104.2.

This office will hold the aforementioned operator and bond liable until the provisions of 43 CFR 3106.7-2 continuing responsibility are met.

This permit will be valid for a period of one year from the date of approval. After permit termination, a new application must be filed for approval.

All lease operations will be conducted in full compliance with applicable regulations (43 CFR 3100), Onshore Oil and Gas Orders, lease terms, notices to lessees, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors.

**A. DRILLING PROGRAM**

1. The proposed BOPE is in a 2M configuration, and is adequate for anticipated conditions. Installation, testing and operation of the system shall be in conformance with Onshore Oil and Gas Order No. 2.
2. Concurrent approval from the State of Utah, Division of Oil, Gas & Mining (DOGM) is required before conducting any surface disturbing activities.
3. Should water be encountered in the Castlegate Sandstone, the Castlegate shall be cemented to provide isolation.

## **B. SURFACE USE PLAN**

1. In order to protect watershed values, no road/well pad construction or drilling operations will be authorized between November 1 and April 30. The limitation does not apply to maintenance and operation of producing wells. Exceptions to this limitation may be specified in writing by the Moab Field Office.
2. In order to protect nesting raptors, no road/well pad construction or drilling operations will be authorized between March 1 and August 31. The limitation does not apply to maintenance and operation of producing wells. Exceptions to this limitation may be specified in writing by the Moab Field Office.
3. Surface disturbance and vehicular travel will be limited to the approved location and access route. Any additional area needed will be approved in advance.
4. All wells, whether drilling, producing, suspended, or abandoned, will be identified in accordance with 43 CFR 3162.6. When the well is abandoned, the abandonment marker must be inscribed with the following: operator name, lease number, well name and surveyed description (township, range, section and either quarter-quarter or footages).
5. If a gas meter run is constructed, it will be located on lease within 500 feet of the wellhead. The gas flowline will be buried from the wellhead to the meter and will be buried downstream of the meter until it leaves the pad. Meter runs will be housed and/or fenced. The gas meter shall be calibrated prior to first sales and shall be calibrated quarterly thereafter. All gas production and measurement shall comply with the provisions of 43 CFR 3162.7, Onshore Oil and Gas Order No. 5, and American Gas Association (AGA) Report No. 3.
6. The operator will be responsible for noxious weed control on the disturbed areas within the limits of the well site and new road construction. The operator is responsible for consultation with the authorized officer and/or local authorities for acceptable weed control methods.

### C. REQUIRED APPROVALS, REPORTS AND NOTIFICATIONS

Required verbal notifications are summarized in Table 1, attached.

Building Location- Contact the Moab Field Office, Natural Resource Protection Specialist at least 48-hours prior to commencing construction of location.

Spud- The spud date will be reported to BLM 24-hours prior to spudding. Written notification in the form of a Sundry Notice (Form 3160-5) will be submitted to the Moab Field Office within 24-hours after spudding, regardless of whether spud was made with a dry hole digger or big rig.

Daily Drilling Reports- Daily drilling reports shall detail the progress and status of the well and shall be submitted to the Moab Field Office on a weekly basis.

Oil and Gas Operations Reports (OGORs)- Production from this well shall be reported to Minerals Management Service (MMS) on a monthly basis.

Sundry Notices- There will be no deviation from the proposed drilling and/or workover program without prior approval. "Sundry Notices and Reports on Wells" (Form 3160-5) will be filed with the Moab Field Office for approval of all changes of plans and subsequent operations in accordance with 43 CFR 3162.3-2. Safe drilling and operating practices must be observed.

Drilling Suspensions- Operations authorized by this permit shall not be suspended for more than 30 days without prior approval of the Moab Field Office. All conditions of this approval shall be applicable during any operations conducted with a replacement rig.

Undesirable Events- Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be immediately reported to the BLM in accordance with requirements of NTL-3A.

Cultural Resources- If cultural resources are discovered during construction, work that might disturb the resources is to stop, and the Moab Field Office is to be notified.

First Production- Should the well be successfully completed for production, the Moab Field Office will be notified when the well is placed in producing status. Such notification may be made by phone, but must be followed by a sundry notice or letter not later than five business days following the date on which the well is placed into production.

A first production conference will be scheduled as soon as the productivity of the well is apparent. This conference should be coordinated through the Moab Field Office. The Moab Field Office shall be notified prior to the first sale.

Well Completion Report- Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted to the Moab Field Office not later than thirty-days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3162.4-1. Two copies of all logs, core descriptions, core analyses, well test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. When requested, samples (cuttings and/or samples) will be submitted to the Moab Field Office.

Venting/Flaring of Gas- Gas produced from this well may not be vented/flared beyond an initial, authorized test period of 30 days or 50 MMcf, whichever first occurs, without the prior, written approval of the Moab Field Office. Should gas be vented or flared without approval beyond the authorized test period, the well may be ordered shut-in until the gas can be captured or approval to continue the venting/flaring as uneconomic is granted. In such case, compensation to the lessor (BLM) shall be required for that portion of the gas that is vented/flared without approval and which is determined to have been avoidably lost.

Produced Water- An application for approval of a permanent disposal method and location will be submitted to the Moab Field Office for approval pursuant to Onshore Oil and Gas Order No.7.

Off-Lease Measurement, Storage, Commingling- Prior approval must be obtained from the Moab Field Office for off-lease measurement, off-lease storage and/or commingling (either down-hole or at the surface).

Plugging and Abandonment- If the well is completed as a dry hole, plugging instructions must be obtained from the Moab Field Office prior to initiating plugging operations.

A "Subsequent Report of Abandonment" (Form 3160-5) will be filed with the Moab Field Office within thirty-days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Upon completion of approved plugging, a regulation marker will be erected in accordance with 43 CFR 3162.6. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the Price Field Office or the appropriate surface managing agency.

#### TABLE 1

#### NOTIFICATIONS

Notify Rich McClure (435-259-2127) or Jack Johnson (435-259-2129) of the BLM Moab Field Office for the following:

2 days prior to commencement of dirt work, construction and reclamation (McClure);

1 day prior to spud (Johnson);

50 feet prior to reaching the surface casing setting depth (Johnson);

3 hours prior to testing BOPs (Johnson).

If the people at the above numbers cannot be reached, notify the Moab Field Office at 435-259-2100. If unsuccessful, contact the person listed below.

Well abandonment operations require 24 hour advance notice and prior approval. In the case of newly drilled dry holes, verbal approval can be obtained by calling the Moab Field Office at 435-259-2100. If approval is needed after work hours, you may contact the following:

Eric Jones, Petroleum Engineer

Office: 435-259-2117

Home: 435-259-2214

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-41374
2. NAME OF OPERATOR: Lone Mountain Production Company		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: P. O. Box 80965 CITY Billings STATE MT ZIP 59108		7. UNIT or CA AGREEMENT NAME: UTU-60752
4. LOCATION OF WELL FOOTAGES AT SURFACE: 846' FSL, 2506' FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWSE 12 17S 24E S		8. WELL NAME and NUMBER: Federal No. 12-11
PHONE NUMBER: (406) 245-5077		9. API NUMBER: 019-31498
COUNTY: Grand		10. FIELD AND POOL, OR WILDCAT: Bryson Canyon
STATE: UTAH		

CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

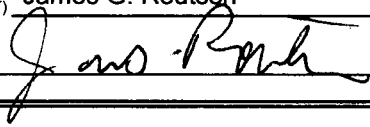
TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>Notice of Spud</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

The Federal No. 12-11 well was spud on Friday, September 8, 2006 at 9:30 p.m. with Elenburg Rig No. 4.

Drilled 12-1/4" hole to 320'. Ran 9-5/8", 32.30# H-40 casing to 315'. Cemented to surface with 200 sx. Class G, 2% CaCl, 1/4# Flocele/sack.

Presently drilling 7-7/8" hole.

NAME (PLEASE PRINT) James G. Routson	TITLE President
SIGNATURE 	DATE 9/12/2006

(This space for State use only)

RECEIVED  
SEP 14 2006

DIV. OF OIL, GAS & MINING

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 9

**SUNDRY NOTICES AND REPORTS ON WELLS**

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL

OIL WELL ☐

GAS WELL ☒

OTHER \_\_\_\_\_

2. NAME OF OPERATOR:

Lone Mountain Production Company

3. ADDRESS OF OPERATOR:

P. O. Box 80965

CITY Billings

STATE MT

ZIP 59108

PHONE NUMBER:

(406) 245-5077

5. LEASE DESIGNATION AND SERIAL NUMBER:

UTU-41374

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

UTU-60752

8. WELL NAME and NUMBER:

Federal No. 12-11

9. API NUMBER:

019-31498

10. FIELD AND POOL, OR WILDCAT:

Bryson Canyon

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 846' FSL, 2506' FEL

COUNTY: Grand

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWSE 12 17S 24E S

STATE:

UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>Status Report</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Drilled to TD @ 4912'. Ran GR-FDC-CNL, SP-DIL logs. Ran 4-1/2", 11.6#, M-80 casing to 4902'. Cemented with 250 sx. 10-0 Thixotropic, 1/4#/sx Flocele. Rig released 9/15/2006.

Present operation: WOCT

NAME (PLEASE PRINT) James G. Routson

TITLE President

SIGNATURE

DATE

9/18/2006

(This space for State use only)

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SEP 20 2006

DIV. OF OIL, GAS & MINING

**LONE MOUNTAIN PRODUCTION COMPANY**

Mailing Address:  
P.O. Box 80965  
Billings, MT 59108-0965

(406) 245-5077  
FAX 248-6321

Shipping Address:  
2590 Holman Avenue, Suite B-1  
Billings, MT 59102

September 18, 2006

State of Utah  
Division of Oil, Gas & Mining  
1594 W. Temple, Suite 1210  
P. O. Box 145801  
Salt Lake City, Utah 84114-5801

Attn: Carol Daniels

RE: FEDERAL NO. 12-11  
SW $\frac{1}{4}$ SE $\frac{1}{4}$  SECTION 12: T17S-R24E  
GRAND COUNTY, UTAH

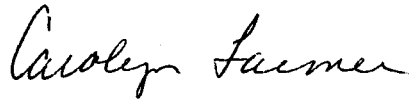
Dear Carol:

Enclosed is one sundry notice, in duplicate, notifying your office that production casing was run on the referenced well Friday, September 15, 2006.

If you have any questions or need further information please contact our office at (406) 245-5077 or Joe Dyk at (970) 858-7546 (office) or (970) 250-9770 (cell).

Sincerely,

LONE MOUNTAIN PRODUCTION COMPANY



Carolyn Farmer  
Office Manager

enclosure

cc: Joe Dyk

**RECEIVED**  
**SEP 20 2006**  
**DIV. OF OIL, GAS & MINING**

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 7

REPORT OF WATER ENCOUNTERED DURING DRILLING

Well name and number: Federal No. 12-11

API number: 019-31498

Well Location: QQ SWSE Section 12 Township 17S Range 24E County Grand

Well operator: Lone Mountain Production Company

Address: P. O. Box 80965

city Billings state MT zip 5108

Phone: (406) 245-5077

Drilling contractor: Elenburg Exploration Inc.

Address: P. O. Box 2440

city Casper state WY zip 82602

Phone: (307) 235-8600

Water encountered (attach additional pages as needed):

DEPTH		VOLUME (FLOW RATE OR HEAD)	QUALITY (FRESH OR SALTY)
FROM	TO		
0	4,912	0	

Formation tops: (Top to Bottom)

1	<u>Mesaverde 0'</u>	2	<u>Castlegate 660'</u>	3	<u>Mancos 760'</u>
4	<u>Dakota Silt 4,334'</u>	5	<u>Dakota Sand 4,422'</u>	6	<u>Morrison 4,544'</u>
7	<u></u>	8	<u></u>	9	<u></u>
10	<u></u>	11	<u></u>	12	<u></u>

If an analysis has been made of the water encountered, please attach a copy of the report to this form.

I hereby certify that this report is true and complete to the best of my knowledge.

NAME (PLEASE PRINT) James G. Routson

TITLE President

SIGNATURE 

DATE 4/2/2007

(5/2000)

RECEIVED

APR 04 2007

DIV. OF OIL, GAS & MINING

**STATE OF UTAH**  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

AMENDED REPORT ☐ FORM 8  
(highlight changes)

**WELL COMPLETION OR RECOMPLETION REPORT AND LOG**

1a. TYPE OF WELL: OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> DRY <input type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: <b>UTU-41374</b>
b. TYPE OF WORK: NEW WELL <input checked="" type="checkbox"/> HORIZ LATS <input type="checkbox"/> DEEP-EN <input type="checkbox"/> RE-ENTRY <input type="checkbox"/> DIFF. RESVR <input type="checkbox"/> OTHER _____		6. IF INDIAN, ALLOTTEE OR TRIBE NAME
2. NAME OF OPERATOR: <b>Lone Mountain Production Company</b>		7. UNIT or CA AGREEMENT NAME <b>UTU-60752</b>
3. ADDRESS OF OPERATOR: <b>P. O. Box 80965 CITY Billings STATE MT ZIP 59108</b>		8. WELL NAME and NUMBER: <b>Federal No. 12-11</b>
PHONE NUMBER: <b>(406) 245-5077</b>		9. API NUMBER: <b>019-31498</b>
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: <b>846' FSL, 2506' FEL Sec 12: T17S-R24E</b> AT TOP PRODUCING INTERVAL REPORTED BELOW: <b>1496' FSL, 2216' FWL Sec 12: T17S-R24E</b> AT TOTAL DEPTH: <b>1588' FSL, 2134' FWL Sec 12: T17S-R24E</b>		10. FIELD AND POOL, OR WILDCAT <b>Bryson Canyon</b>
		11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <b>SWSE 12 17S 24E S</b>
		12. COUNTY <b>Grand</b>
		13. STATE <b>UTAH</b>

14. DATE SPUDDED: <b>9/8/2006</b>	15. DATE T.D. REACHED: <b>9/14/2006</b>	16. DATE COMPLETED: <b>3/28/2007</b>	ABANDONED <input type="checkbox"/> READY TO PRODUCE <input checked="" type="checkbox"/>	17. ELEVATIONS (DF, RKB, RT, GL): <b>5810' GL, 5821' KB</b>
18. TOTAL DEPTH: MD <b>4,912</b> TVD <b>4,792</b>	19. PLUG BACK T.D.: MD <b>4,859</b> TVD <b>4,740</b>	20. IF MULTIPLE COMPLETIONS, HOW MANY? *		21. DEPTH BRIDGE MD PLUG SET: TVD <b>0</b>
22. TYPE ELECTRIC AND OTHER MECHANICAL LOGS RUN (Submit copy of each) <b>GR-FDC-CNL, SP-DIL, CBL</b>			23. WAS WELL CORED? NO <input checked="" type="checkbox"/> YES <input type="checkbox"/> (Submit analysis) WAS DST RUN? NO <input checked="" type="checkbox"/> YES <input type="checkbox"/> (Submit report) DIRECTIONAL SURVEY? NO <input type="checkbox"/> YES <input checked="" type="checkbox"/> (Submit copy)	

**24. CASING AND LINER RECORD (Report all strings set in well)**

HOLE SIZE	SIZE/GRADE	WEIGHT (#/ft.)	TOP (MD)	BOTTOM (MD)	STAGE CEMENTER DEPTH	CEMENT TYPE & NO. OF SACKS	SLURRY VOLUME (BBL)	CEMENT TOP **	AMOUNT PULLED
12-1/4"	9.5" H-40	32.3#	0	315		ClassG 200		sfc	none
7-7/8"	4.5" M-80	11.6#	0	4,902		Thix 250		3,800	none

**25. TUBING RECORD**

SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
2-3/8"	4,451	0						

**26. PRODUCING INTERVALS**

FORMATION NAME	TOP (MD)	BOTTOM (MD)	TOP (TVD)	BOTTOM (TVD)
(A) <b>Dakota Sand</b>	<b>4,422</b>	<b>4,544</b>	<b>4,318</b>	<b>4,436</b>
(B)				
(C)				
(D)				

**27. PERFORATION RECORD**

INTERVAL (Top/Bot - MD)	SIZE	NO. HOLES	PERFORATION STATUS
<b>4,426 4,483</b>	<b>0.31</b>	<b>5</b>	Open <input checked="" type="checkbox"/> Squeezed <input type="checkbox"/>
			Open <input type="checkbox"/> Squeezed <input type="checkbox"/>
			Open <input type="checkbox"/> Squeezed <input type="checkbox"/>
			Open <input type="checkbox"/> Squeezed <input type="checkbox"/>

**28. ACID, FRACTURE, TREATMENT, CEMENT SQUEEZE, ETC.**

DEPTH INTERVAL	AMOUNT AND TYPE OF MATERIAL
<b>4,426'-4,483'</b>	<b>Acidized with 750 gallons 7-1/2% HCl</b>
	<b>Fract with 77,500# 20/40 sand, 1041 bbls gelled water</b>

**29. ENCLOSED ATTACHMENTS:**

- |   |  |                                       |  |
|---|--|---------------------------------------|--|
| <input type="checkbox"/> ELECTRICAL/MECHANICAL LOGS                         | <input type="checkbox"/> GEOLOGIC REPORT | <input type="checkbox"/> DST REPORT   | <input checked="" type="checkbox"/> DIRECTIONAL SURVEY |
| <input type="checkbox"/> SUNDRY NOTICE FOR PLUGGING AND CEMENT VERIFICATION | <input type="checkbox"/> CORE ANALYSIS   | <input type="checkbox"/> OTHER: _____ |  |

**30. WELL STATUS:**

**shut-in**

**RECEIVED**

**APR 04 2007**

DIV. OF OIL, GAS & MINING

## 31. INITIAL PRODUCTION

## INTERVAL A (As shown in Item #26)

DATE FIRST PRODUCED: 3/28/2007		TEST DATE: Not tested		HOURS TESTED:		TEST PRODUCTION RATES: →		OIL – BBL:	GAS – MCF: TSTM	WATER – BBL:	PROD. METHOD: shut-in
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	INTERVAL STATUS:	

## INTERVAL B (As shown in Item #26)

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →		OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	INTERVAL STATUS:	

## INTERVAL C (As shown in Item #26)

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →		OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	INTERVAL STATUS:	

## INTERVAL D (As shown in Item #26)

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →		OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	INTERVAL STATUS:	

## 32. DISPOSITION OF GAS (Sold, Used for Fuel, Vented, Etc.)

## 33. SUMMARY OF POROUS ZONES (Include Aquifers):

Show all important zones of porosity and contents thereof. Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

## 34. FORMATION (Log) MARKERS:

Formation	Top (MD)	Bottom (MD)	Descriptions, Contents, etc.	Name	Top (Measured Depth)
Dakota Sand	4,422	4,485	tight gas	Mesaverde Castlegate Mancos Dakota Silt Dakota Sand Morrison	0 660 760 4,334 4,422 4,544

## 35. ADDITIONAL REMARKS (Include plugging procedure)

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records.

NAME (PLEASE PRINT) James G. Routson

TITLE President

SIGNATURE

DATE 4/2/2007

This report must be submitted within 30 days of

- completing or plugging a new well
- drilling horizontal laterals from an existing well bore
- recompleting to a different producing formation
- reentering a previously plugged and abandoned well
- significantly deepening an existing well bore below the previous bottom-hole depth
- drilling hydrocarbon exploratory holes, such as core samples and stratigraphic tests

\* ITEM 20: Show the number of completions if production is measured separately from two or more formations.

\*\* ITEM 24: Cement Top – Show how reported top(s) of cement were determined (circulated (CIR), calculated (CAL), cement bond log (CBL), temperature survey (TS)).

Send to: Utah Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801

Phone: 801-538-5340

Fax: 801-359-3940

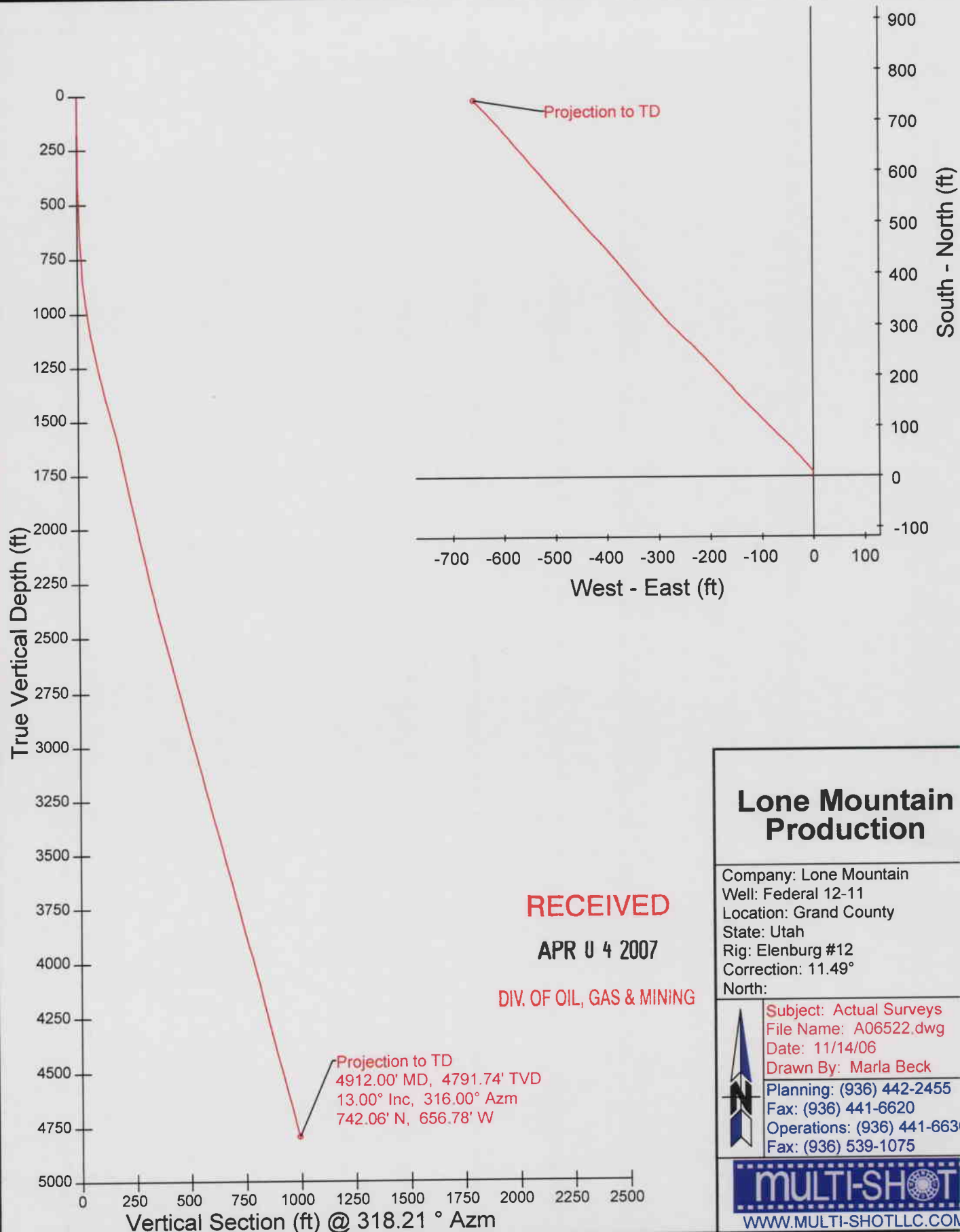
**Lone Mountain Production  
MS #0632-428-294**

**Federal 12-11  
Grand County, Utah  
Elenburg #12**

**Prepared By:  
Marla Beck**

**November 13, 2006**

2511 North Frazier • Conroe, Texas 77304  
P.O. Box 3047 • Conroe, Texas 77305-3047  
Office: (936) 441-6630 • Watts: (800) 769-5988 • Fax: (936) 441-6620  
[www.multi-shotllc.com](http://www.multi-shotllc.com)



## Lone Mountain Production

Company: Lone Mountain  
Well: Federal 12-11  
Location: Grand County  
State: Utah  
Rig: Elenburg #12  
Correction: 11.49°  
North:

**Subject: Actual Surveys**  
File Name: A06522.dwg  
Date: 11/14/06  
Drawn By: Marla Beck  
Planning: (936) 442-2455  
Fax: (936) 441-6620  
Operations: (936) 441-6630  
Fax: (936) 539-1075

**MULTI-SHOT**  
WWW.MULTI-SHOTLLC.COM

The customer should only rely on this document after independently verifying all paths, targets, coordinates, lease and hard lines represented. Any decisions made or wells drilled utilizing this or any other information supplied by Multi-Shot, LLC are at the sole risk and responsibility of the customer. Multi-Shot, LLC is not responsible for the accuracy of this schematic or the information contained herein.

Job Number: P06-522

Company: Lone Mountain Production

Lease/Well: Federal 12-11

Location: Grand County

Rig Name: Elenburg #12

RKB:

G.L. or M.S.L.:

State/Country: Utah

Declination: 11.49°

Grid:

File name: F:\WELLPL~1\2006\IP06520\S\IP06522\06522.SVY

Date/Time: 15-Nov-06 / 13:52

Curve Name: SDTRK #00

MULTI-SH • T

WINSERVE SURVEY CALCULATIONS  
 Minimum Curvature Method  
 Vertical Section Plane 318.21  
 Vertical Section Referenced to Wellhead  
 Rectangular Coordinates Referenced to Wellhead

Measured Depth FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	N-S FT	E-W FT	Vertical Section FT	CLOSURE Distance FT	Direction Deg	Dogleg Severity Deg/100
.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
356.00	.90	19.30	355.99	2.64	.92	1.35	2.80	19.30	.25
417.00	1.20	2.80	416.98	3.73	1.11	2.04	3.89	16.63	.69
478.00	1.30	355.60	477.96	5.06	1.09	3.04	5.17	12.18	.30
539.00	1.60	345.80	538.94	6.57	.83	4.35	6.62	7.20	.64
600.00	2.20	338.80	599.91	8.49	.20	6.20	8.49	1.33	1.05
662.00	2.70	327.90	661.85	10.84	-1.01	8.75	10.88	354.68	1.10
723.00	3.20	319.50	722.77	13.35	-2.88	11.87	13.65	347.83	1.08
784.00	4.40	319.10	783.63	16.41	-5.52	15.91	17.31	341.42	1.97
846.00	5.60	319.00	845.40	20.49	-9.06	21.32	22.40	336.15	1.94
907.00	6.90	319.40	906.03	25.52	-13.40	27.95	28.82	332.31	2.13
969.00	8.00	319.50	967.51	31.63	-18.62	35.99	36.70	329.51	1.77
1031.00	9.10	319.50	1028.82	38.64	-24.61	45.21	45.81	327.51	1.77
1093.00	10.20	317.30	1089.94	46.40	-31.51	55.60	56.09	325.82	1.87
1153.00	11.60	315.90	1148.86	54.64	-39.32	66.94	67.31	324.26	2.37
1216.00	12.30	315.00	1210.49	63.93	-48.47	79.97	80.23	322.83	1.15
1280.00	12.80	315.00	1272.96	73.77	-58.30	93.85	94.02	321.68	.78
1342.00	13.50	315.10	1333.34	83.75	-68.27	107.93	108.05	320.81	1.13
1403.00	14.60	315.80	1392.51	94.30	-78.65	122.73	122.80	320.17	1.82
1463.00	15.70	317.00	1450.42	105.66	-89.46	138.40	138.45	319.75	1.91
1526.00	15.50	316.40	1511.10	117.99	-101.08	155.33	155.37	319.41	.41
1588.00	13.90	315.00	1571.07	129.26	-112.06	171.05	171.07	319.08	2.64
1649.00	12.50	315.90	1630.46	139.18	-121.84	184.96	184.97	318.80	2.32

Measured Depth FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	N-S FT	E-W FT	Vertical Section FT	C L O S U R E		Dogleg Severity Deg/100
				FT	FT	FT	Distance FT	Direction Deg	
1711.00	12.30	315.80	1691.01	148.73	-131.11	198.27	198.27	318.60	.32
1771.00	12.10	317.80	1749.66	157.97	-139.79	210.94	210.94	318.49	.78
1833.00	12.30	319.60	1810.26	167.82	-148.43	224.04	224.04	318.51	.69
1896.00	12.30	319.30	1871.81	178.01	-157.16	237.46	237.46	318.56	.10
1959.00	12.20	318.90	1933.38	188.12	-165.91	250.82	250.83	318.59	.21
2023.00	12.80	318.70	1995.86	198.54	-175.04	264.67	264.68	318.60	.94
2084.00	12.70	318.00	2055.36	208.60	-183.98	278.14	278.14	318.59	.30
2145.00	12.80	319.00	2114.85	218.68	-192.90	291.60	291.60	318.58	.40
2207.00	13.00	316.90	2175.29	228.96	-202.17	305.44	305.44	318.56	.82
2270.00	13.50	316.10	2236.61	239.43	-212.11	319.87	319.87	318.46	.85
2329.00	13.70	315.20	2293.96	249.35	-221.81	333.73	333.73	318.35	.49
2390.00	14.00	314.00	2353.18	259.60	-232.21	348.30	348.30	318.19	.68
2453.00	14.90	313.60	2414.19	270.48	-243.56	363.98	363.98	318.00	1.44
2578.00	14.90	316.60	2534.99	293.24	-266.24	396.06	396.07	317.76	.62
2641.00	14.80	316.80	2595.88	304.99	-277.31	412.20	412.21	317.72	.18
2702.00	15.00	317.90	2654.83	316.53	-287.94	427.88	427.90	317.71	.57
2764.00	15.20	319.30	2714.69	328.64	-298.62	444.03	444.05	317.74	.67
2826.00	14.90	318.70	2774.57	340.79	-309.18	460.13	460.14	317.78	.55
2888.00	14.80	320.00	2834.50	352.85	-319.53	476.01	476.02	317.84	.56
2951.00	14.60	320.90	2895.43	365.17	-329.71	491.99	492.00	317.92	.48
3013.00	14.90	321.00	2955.39	377.43	-339.65	507.76	507.76	318.02	.49
3075.00	14.90	321.40	3015.31	389.86	-349.64	523.68	523.68	318.11	.17
3136.00	15.10	320.80	3074.23	402.14	-359.56	539.44	539.44	318.20	.42
3199.00	15.10	320.40	3135.05	414.83	-369.97	555.84	555.84	318.27	.17
3262.00	14.90	319.80	3195.91	427.33	-380.43	572.14	572.14	318.32	.40
3322.00	14.90	318.10	3253.89	438.97	-390.56	587.56	587.56	318.34	.73
3383.00	15.10	317.20	3312.81	450.64	-401.20	603.35	603.35	318.32	.50
3446.00	15.50	317.30	3373.58	462.84	-412.48	619.97	619.97	318.29	.64
3509.00	15.40	317.50	3434.30	475.20	-423.84	636.75	636.75	318.27	.18
3571.00	14.90	317.80	3494.14	487.17	-434.76	652.96	652.96	318.25	.82
3632.00	14.70	318.80	3553.12	498.80	-445.13	668.54	668.54	318.25	.53
3695.00	15.10	319.50	3614.00	511.06	-455.72	684.73	684.73	318.28	.70
3756.00	14.80	319.80	3672.94	523.05	-465.91	700.47	700.47	318.31	.51
3818.00	14.20	319.50	3732.96	534.88	-475.96	715.98	715.99	318.34	.98
3881.00	14.50	319.40	3794.00	546.75	-486.11	731.59	731.60	318.36	.48
3942.00	15.10	318.90	3852.97	558.53	-496.30	747.17	747.18	318.38	1.01
4005.00	15.80	319.00	3913.70	571.19	-507.32	763.96	763.96	318.39	1.11
4066.00	15.40	319.30	3972.45	583.60	-518.05	780.36	780.36	318.40	.67
4128.00	14.90	319.50	4032.29	595.90	-528.60	796.56	796.56	318.43	.81
4191.00	14.20	320.00	4093.27	607.98	-538.83	812.38	812.39	318.45	1.13
4254.00	13.20	320.10	4154.48	619.42	-548.41	827.29	827.30	318.48	1.59
4316.00	13.50	318.60	4214.80	630.28	-557.73	841.60	841.61	318.49	.74

Measured Depth FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	N-S FT	E-W FT	Vertical Section FT	C L O S U R E		Dogleg Severity Deg/100
							Distance FT	Direction Deg	
4380.00	14.20	318.70	4276.94	641.78	-567.86	856.92	856.93	318.50	1.09
4442.00	14.40	320.20	4337.02	653.41	-577.81	872.23	872.24	318.51	.68
4504.00	14.70	320.40	4397.03	665.40	-587.76	887.80	887.81	318.55	.49
4566.00	15.30	320.25	4456.92	677.75	-598.00	903.83	903.85	318.58	.97
4627.00	15.30	319.40	4515.76	690.05	-608.39	919.92	919.94	318.60	.37
4690.00	15.10	317.90	4576.56	702.45	-619.30	936.44	936.46	318.60	.70
4752.00	14.90	316.40	4636.44	714.21	-630.21	952.48	952.50	318.58	.70
4816.00	14.10	316.50	4698.40	725.82	-641.25	968.50	968.51	318.54	1.25
4857.00	13.60	316.30	4738.21	732.93	-648.02	978.31	978.32	318.52	1.23
Projection to TD									
4912.00	13.00	316.00	4791.74	742.06	-656.78	990.95	990.96	318.49	1.10

## LONE MOUNTAIN PRODUCTION COMPANY

Mailing Address:  
P.O. Box 80965  
Billings, MT 59108-0965

(406) 245-5077  
FAX 248-6321

Shipping Address:  
2590 Holman Avenue, Suite B-1  
Billings, MT 59102

April 2, 2007

State of Utah  
Division of Oil, Gas & Mining  
1594 W. Temple, Suite 1210  
P. O. Box 145801  
Salt Lake City, Utah 84114-5801

RE: WELL COMPLETION REPORT  
WATER ENCOUNTERED REPORT  
FEDERAL NO. 12-11  
GRAND COUNTY, UTAH

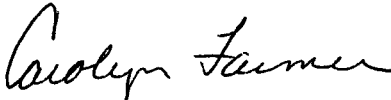
Ladies and Gentlemen:

Enclosed is one Well Completion Report (Form 8) and one Water Encountered Report (Form 7) for the Federal No. 12-11 well. The well is currently shut-in.

If you have any questions or need further information please contact our office at (406) 245-5077 or Joe Dyk at (970) 858-7546 (office) or (970) 250-9770 (cell).

Sincerely,

LONE MOUNTAIN PRODUCTION COMPANY



Carolyn Farmer  
Office Manager

enclosures

cc: Joe Dyk

RECEIVED

APR U 4 2007

DIV. OF OIL, GAS & MINING

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 9

**SUNDRY NOTICES AND REPORTS ON WELLS**

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL ☐ GAS WELL ☒ OTHER \_\_\_\_\_

2. NAME OF OPERATOR:  
Lone Mountain Production Company

3. ADDRESS OF OPERATOR:  
P. O. Box 80965 CITY Billings STATE MT ZIP 59108

PHONE NUMBER:  
(406) 245-5077

4. LOCATION OF WELL  
FOOTAGES AT SURFACE: 846' FSL, 2506' FEL Section 12: T17S-R24E, S.L.M.

COUNTY: Grand

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWSE 12 17S 24E S

STATE: UTAH

5. LEASE DESIGNATION AND SERIAL NUMBER:  
UTU-41374

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:  
UTU-60752

8. WELL NAME and NUMBER:  
Federal No. 12-11

9. API NUMBER:  
019-31498

10. FIELD AND POOL, OR WILDCAT:  
Bryson Canyon

**CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: Notice of First Production
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Please be advised that the Federal No. 12-11 well was turned on for first production on March, 28, 2007 at 2:30 p.m.

The well produced for three hours and died. It has not produced since that time.

NAME (PLEASE PRINT) James G. Routson

TITLE President

SIGNATURE

DATE 4/11/2007

(This space for State use only)

RECEIVED

APR 13 2007

DIV. OF OIL, GAS & MINING

43-019-31498

**LONE MOUNTAIN PRODUCTION COMPANY**

Mailing Address:  
P.O. Box 80965  
Billings, MT 59108-0965

(406) 245-5077  
FAX 248-6321

Shipping Address:  
2590 Holman Avenue, Suite B-1  
Billings, MT 59102

April 11, 2007

State of Utah  
Division of Oil, Gas & Mining  
1594 W. Temple, Suite 1210  
P. O. Box 145801  
Salt Lake City, Utah 84114-5801

RE: NOTICE OF FIRST PRODUCTION  
FEDERAL NO. 12-11  
SW¼SE¼ SECTION 12: T17S-R24E  
GRAND COUNTY, UTAH

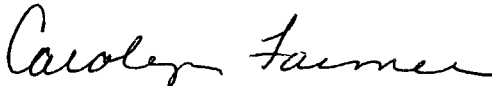
Ladies and Gentlemen:

Enclosed is one Sundry Notice, in duplicate, advising your office that the referenced well was turned on for first production on March 28, 2007 at 2:30 p.m.

If you have any questions or need further information please contact our office at (406) 245-5077 or Joe Dyk at (970) 858-7546 (office) or (970) 250-9770 (cell).

Sincerely,

LONE MOUNTAIN PRODUCTION COMPANY



Carolyn Farmer  
Office Manager

enclosures

cc: Joe Dyk

**RECEIVED**

**APR 13 2007**

**DIV. OF OIL, GAS & MINING**

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____	5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-41374
2. NAME OF OPERATOR: Lone Mountain Production Company	6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: P. O. Box 80965 CITY Billings STATE MT ZIP 59108	7. UNIT or CA AGREEMENT NAME: UTU-60752
4. LOCATION OF WELL FOOTAGES AT SURFACE: 846' FSL, 2506' FEL	8. WELL NAME and NUMBER: Federal No. 12-11
PHONE NUMBER: (406) 245-5077	9. API NUMBER: 4301931498
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWSE 12 17S 24E	10. FIELD AND POOL, OR WILDCAT: Bryson Canyon
COUNTY: Grand	STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input checked="" type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

See attached plugging procedure.

NAME (PLEASE PRINT) Joe Dyk TITLE Petroleum Engineer  
SIGNATURE DATE 6/17/10

(This space for State use only)

Accepted by the  
Utah Division of  
Oil, Gas and Mining  
For Record Only

(See Instructions on Reverse Side)

INTENT RECEIVED AFTER WORK WAS COMPLETED JUN 22 2010  
FUTURE WORK SHOULD BE SUBMITTED TO THE DIVISION  
PRIOR TO DOING WORK FOR APPROVAL. Dkm

RECEIVED

DIV. OF OIL, GAS & MINING

Lone Mountain Production Company  
Federal No. 12-11  
NESW Section 12-T17S-R24E  
Grand County, Utah  
Plugging procedure

Spud: 2006  
Surface csg: 9-5/8", 32.3 lb at 315' cmt w/ 200 sacks to surface  
Prod csg: 4-1/2", 11.6 lb M80 at 4902' cmt w/ 250 sks 50/50 pozmix.  
TOC: 3800  
Perfs: 4426' to 4483' 5 shots  
Tubing: 2-3/8" at 4451'

1. MIRU WO rig. ND tubing head NU BOP. Trip out tubing.
2. Set CIBP at 4416' and dump bail 2 sx cement on top.
3. Perf 4 shots at 365'. RD wireline
4. Trip in with tubing to 4300' and circulate casing full of light mud. (1 sack gel for 5 bbls water).
5. Trip out and lay down tubing. ND BOP.
6. Establish circulation down 4.5" casing and up 9.625" casing through perfs at 365'.
7. Cement with 60 sacks cement or until cement fills from 365' to surface.
8. Cut of 3 feet below ground and weld marker plate on top of casing.

RECEIVED

JUN 22 2010

DIV. OF OIL, GAS & MINING

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

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1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____	5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-41374
2. NAME OF OPERATOR: Lone Mountain Production Company	6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: P. O. Box 80965 CITY Billings STATE MT ZIP 59108	7. UNIT or CA AGREEMENT NAME: UTU-60752
4. LOCATION OF WELL FOOTAGES AT SURFACE: 846' FSL, 2506' FEL	8. WELL NAME and NUMBER: Federal No. 12-11
PHONE NUMBER: (406) 245-5077	9. API NUMBER: 4301931498
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWSE 12 17S 24E	10. FIELD AND POOL, OR WILDCAT: Bryson Canyon
COUNTY: Grand	STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input checked="" type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Well plugged on May 28, 2010 by Bernard Well Service Rig #1.  
Set CIBP at 4416'. Dump bail 2 sxs cement on top of CIBP.  
Perforate 4 1/2" casing at 365'.  
Pumped mud from 4300' to surface inside 4 1/2" casing.  
Lay down tubing.  
Pumped 103 sxs 15.6# Class 'G' cement down 4 1/2 and up 9 5/8 annulus. Cement to surface.  
Cut off casing 3' below ground line. Weld on dry hole marker.  
Rig down and move off.

NAME (PLEASE PRINT) Joe Dyk TITLE Petroleum Engineer  
SIGNATURE DATE 6/17/10

(This space for State use only)

RECEIVED

JUN 22 2010

DIV. OF OIL, GAS & MINING

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 9

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1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-41374
2. NAME OF OPERATOR: Lone Mountain Production Company		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: P. O. Box 80965 CITY Billings STATE MT ZIP 59108		7. UNIT or CA AGREEMENT NAME: UTU-60752
4. LOCATION OF WELL FOOTAGES AT SURFACE: 846' FSL, 2506' FEL		8. WELL NAME and NUMBER: Federal No. 12-11
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWSE 12 17S 24E S		9. API NUMBER: 4/3- 019-31498
STATE: UTAH		10. FIELD AND POOL, OR WILDCAT: Bryson Canyon
PHONE NUMBER: (406) 245-5077		

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input checked="" type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

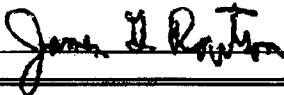
Well plugged on May 28, 2010 by Bernard Well Service Rig #1.  
Set CIBP at 4416'. Dump bail 2 sxs cement on top of CIBP.  
Perforate 4-1/2" casing at 365'.  
Pumped mud from 4300' to surface inside 4-1/2" casing.  
Lay down tubing.  
Pumped 103 sxs 15.6# Class 'G' cement down 4-1/2" and up 9-5/8 annulus. Cement to surface.  
Cut off casing 3' below the ground line. Weld on dry hole marker.  
Rig down and move off.

Originally dated 6/4/2010.

RECEIVED

SEP 24 2010

DIV. OF OIL, GAS & MINING

NAME (PLEASE PRINT) James G. Routson	TITLE President
SIGNATURE 	DATE 9/23/2010

(This space for State use only)

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 9

**SUNDRY NOTICES AND REPORTS ON WELLS**

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-41374
2. NAME OF OPERATOR: Lone Mountain Production Company		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: P. O. Box 80965 CITY Billings STATE MT ZIP 59108		7. UNIT or CA AGREEMENT NAME: UTU-60752
4. LOCATION OF WELL FOOTAGES AT SURFACE: 846' FSL, 2506' FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWSE 12 17S 24E S		8. WELL NAME and NUMBER: Federal No. 12-11
PHONE NUMBER: (406) 245-5077		9. API NUMBER: 43- 019-31498
COUNTY: Grand		10. FIELD AND POOL, OR WILDCAT: Bryson Canyon
STATE: UTAH		

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input checked="" type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

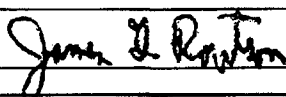
12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

See attached plugging procedure. Originally dated 5/25/1010.

RECEIVED

SEP 24 2010

DIV OF OIL, GAS & MINING

NAME (PLEASE PRINT) James G. Routson	TITLE President
SIGNATURE 	DATE 9/23/2010

(This space for State use only)

Lone Mountain Production Company  
Federal No. 12-11  
NESW Section 12-T17S-R24E  
Grand County, Utah  
Plugging procedure

Spud: 2006  
Surface csg: 9-5/8", 32.3 lb at 315' cmt w/ 200 sacks to surface  
Prod csg: 4-1/2", 11.6 lb M80 at 4902' cmt w/ 250 sks 50/50 pozmix.  
TOC: 3800  
Perfs: 4426' to 4483' 5 shots  
Tubing: 2-3/8" at 4451'

1. MIRU WO rig. ND tubing head NU BOP. Trip out tubing.
2. Set CIBP at 4416' and dump bail 2 sx cement on top.
3. Perf 4 shots at 365'. RD wireline
4. Trip in with tubing to 4300' and circulate casing full of light mud. (1 sack gel for 5 bbls water).
5. Trip out and lay down tubing. ND BOP.
6. Establish circulation down 4.5" casing and up 9.625" casing through perfs at 365'.
7. Cement with 60 sacks cement or until cement fills from 365' to surface.
8. Cut of 3 feet below ground and weld marker plate on top of casing.

**Carol Daniels - sundry notices**

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**From:** "Carolyn Farmer"  
**To:**  
**Date:** 9/24/2010 8:19 AM  
**Subject:** sundry notices  
**Attachments:**

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Dear Carol:

Lone Mountain Production Company plugged and abandoned the Federal 12-11 well on May 28, 2010. Unfortunately, our engineer failed to send sundry notices to your office.

Attached are those sundry notices.

If you have any questions or need further information, please contact me via this email or at (406) 245-5077.

Carolyn Farmer

**RECEIVED**

**SEP 24 2010**

**DIV. OF OIL, GAS & MINING**